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7 December 1993



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# ***JPRS Report***

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# **Near East & South Asia**

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JPRS-NEA-93-113

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7 December 1993

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## REGIONAL AFFAIRS

### Oman, Yemen Discuss Joint Development Projects

93AE0578A London AL-SHARQ AL-AWSAT in Arabic  
11 Sep 93 p 11

[Report from Muscat by Sa'id 'Isa: "Omani-Yemeni Agreement To Establish Joint Bank"]

[Text] Oman and Yemen have taken a significant step towards strengthening the economic relations between them with the signing of an economic and commercial cooperation agreement.

The agreement, signed recently in Muscat by Omani Minister of Trade and Industry Maqbul Bin-'Ali Bin-Sultan and Yemeni Minister of Supply and Trade 'Abd-al-Rahman 'Abd-al-Qadir Bafadl, gives both countries the right to obtain most favored nation trading status in commercial areas, especially regarding import and export licenses, customs tariffs, and all other tariffs and fees imposed on the import, export, and transit of goods. The accord also provides for the development and strengthening of cooperation between the two states in the economic, commercial, media, cultural, technical, and scientific fields.

The two sides agreed to exchange locally made goods in conformity with agreements that will be set out on a seasonal basis, and exempt samples and models of goods, and the goods imported for showing in showrooms and permanent and temporary commercial premises, from taxes and customs fees as long, as they are reexported. The two countries also agreed to establish temporary exhibitions for each countries' products.

The agreement, which both Maqbul Sultan and 'Abd-al-Rahman Bafadl said gathered together and ratified all previous agreements between the Sultanate of Oman and the two parts of Yemen before unification, provides for cooperation in the field of study, in the exchange of expertise and know-how, and initiatives in the fields of transport and communications. The merchant ships of both sides plus their cargoes enjoy the right to enter the ports of the other that are open to foreign trade, and to use the port facilities, cargo and unloading fees, taxes, and other facilities, with reciprocal treatment no less than that granted to the two countries' other ships. The two sides also agreed to coordinate their positions in any regional or global meetings related to the issues of transport and communications.

The agreement stipulates the formation of a joint Omani-Yemeni cooperation committee, headed on the Omani side by Minister of Trade and Industry Maqbul Bin-'Ali Bin-Sultan, and on the Yemeni side by Minister of Supply and Trade 'Abd-al-Rahman 'Abd-al-Qadir Bafadl. This committee will study the programs and proposals aimed at broadening the scope of cooperation in the fields of economy, trade, culture, science, technology, and the media, in addition to a proposal of

protocols and accords, and a plan for fields not covered by the general agreement. The joint committee will also follow up the implementation of the accords, memoranda of understanding, and minutes signed by the two sides, for the committee to hold an annual meeting alternating between the two countries.

The agreement was signed in the second working session of the committee's first meeting. It was formed in accordance with the agreement concluded in Muscat during the visit of the vice president of Yemen's Presidential Council 'Ali Salim al-Bidh to Oman this past April.

The two sides agreed to hold the second meeting of the committee in Sanaa in October 1994.

Sources in the Omani Ministry of Trade and Industry told AL-SHARQ AL-AWSAT that the framework agreement provides the foundation necessary for the development of joint cooperation between the two countries. They confirmed that there was joint interest in building strong bases for economic and commercial cooperation, especially as businessmen from both sides have begun to exchange visits and to agree on a number of projects, which should have been defined by the comprehensive accords.

AL-SHARQ AL-AWSAT learned that Oman and Yemen agreed to establish a joint bank to be headquartered in Aden, with a branch in Salalah. The bank, the idea for which was born with the visit of a delegation that included members of the Omani Chamber of Commerce and businessmen to Sanaa last January, will help to speed up commercial exchanges and their development. The operations of the proposed bank will initially focus on supporting commercial exchange of national agricultural and industrial products. Omani businessmen have expressed their desire to benefit from the free zone in Aden, and to establish joint ventures there.

Sources at the Omani Chamber of Commerce and Industry told AL-SHARQ AL-AWSAT that there are currently Omani moves to prepare a study for the establishment of a commercial shipping route between the Sultanate's ports and Yemen. There is also a study for setting up a sponge factory in cooperation between the businessmen of both countries, and for another plant, to produce dyes.

The chamber's sources said that research is now being completed for the establishment of a tourist hotel in the Yemeni governorate of Ta'izz, capitalized at \$12 million.

Yemeni businessmen from the governorate of Hadramawt have also proposed to their Omani counterparts the founding of a joint multipurpose company to operate in the fields of agriculture, fishing, trading, and contracting. Some Omani businessmen are studying the Yemeni proposal, and there are contacts to establish a factory for medicines in the governorate of Ta'izz, with joint Omani-Yemeni capitalization.

It was mentioned that commercial exchange between Oman and Yemen has been very limited in past years; Yemen ranked 22d among importers from Oman, with nonoil exports of 737,000 Omani riyals, or 0.3 percent of Oman's total exports abroad in 1991. Yemen's imports from Oman included equipment, electrical appliances, and transport materials.

Yemen ranks 54th among countries exporting to Oman, with exports worth 33,000 Omani riyals, mostly fresh, frozen, and dried fish.

It was mentioned that Oman is now preparing a study on the establishment of a free commercial zone in the Yemeni border at al-Mazyunah, with the intention of strengthening joint commercial exchange and establishing joint investments in Oman.

## PALESTINIAN AFFAIRS

### Report on Statement by PLO Official al-Najjab

94AA0017A London AL-SHARQ AL-AWSAT in Arabic  
25 Nov 93 p 3

[Article: "Al-Najjab Points Out True Nature of Dispute; PLO Chairman's Refusal of Constitutional Charter Arouses Fears That Dictatorial Authority Will Be Imposed"]

[Text] Amman—A prominent Palestinian official has disclosed the reasons behind the eruption of the internal dispute within the PLO, specifically within the ranks that support and back the Palestinian-Israeli accord. This dispute has led to drafting a memorandum that is still being signed by various Palestinian forces, notables, and key figures who support the the accord.

Sulayman al-Najjab, a member of the PLO Executive Committee, has said that he has personally conveyed the memorandum to Palestinian President Yasir 'Arafat in Tunis, even though it has not been signed by all concerned yet. However, the brothers in charge of drafting the memorandum have asked him to take a copy to the Palestinian president in order to prevent press leaks that have tried to distort the memorandum's contents. Al-Najjab added that in a message attached to the memorandum those in charge note that they will deliver (the final memorandum) to the president and to the Executive Committee as soon as it is signed by all.

Most prominent among the memorandum signatories are: Dr. Haydar 'Abd-al- Shafi; Bashir al-Barghuthi, secretary general of the Palestinian People's Party; 'Ali al-Safarini, the legal adviser to the negotiation delegation; Dr. Anis al-Qasim, also a delegation adviser; and Nabil 'Amr, Ibrahim Abu-'Ayyash, Taysir 'Aruri, and Reverend Ibrahim 'Ayyad, who are Palestine National Council [PNC] members. Al-Najjab has characterized the signing of the memorandum as being a part of a large-scale process which encompasses a broad democratic Palestinian tendency that exists at home and

abroad. This tendency is open to representatives of all the Palestinian forces and to their political and professional capabilities, all of whom support the Palestinian-Israeli accord. Al-Najjab has explained the causes of the dispute, or "difference," to AL-SHARQ AL-AWSAT clearly and frankly so that the dispute will not be misunderstood and overloaded. The difference or dispute emanates fundamentally from failure to rise qualitatively to the level dictated by the new phase on which the Palestinian national movement has embarked since the accord (the-declaration-of-principles agreement) was reached. This failure has had a negative impact on the desirable performance of the Palestinian leadership. The dispute also emanates from the continued presence of the individualistic mentality in dealing with the given facts and tasks of the phase; from the reluctance to open up to all the Palestinian people's forces, factions, and capabilities; and from the failure to exert persistent efforts to create the necessary establishments that are tantamount to the framework within which the Palestinian people's capabilities are to be mobilized, which are needed in this phase. All this failure is spurred, as the Palestinian official has said, by the mentality of narrow factionalism, exclusive decision-making, and adoption of the "old" criteria, such as personal loyalty and appeasement, instead of adopting political and professional capability as a criterion to assign tasks to those who can shoulder them. The declaration-of-principles agreement, or the Israeli-Palestinian accord, has posed to us two main tasks that require a new style and a new mentality for dealing with the givens of the current phase.

The first of the two tasks is the task of continued successful and effective negotiations that achieve for our people the maximum that can be wrested and accomplished in the transitional phase—a maximum that paves the way for opening dossiers of the issues which are postponed until the final phase, such as the issues of Jerusalem, the settlements, borders, and refugees, and a maximum that provides for solving these issues on the basis of the full implementation of resolutions 242 and 338. Al-Najjab pointed out in this regard that the ceaseless demand for drafting a negotiation plan according to the Palestinian vision of the provisions of the accord has not been fulfilled to date. The same goes for the creation of a leadership body as a reference authority for the negotiation teams—an authority that supervises all bifurcations and results produced by the negotiations. Such a body has not been created to date.

Al-Najjab has disclosed that the Palestinian negotiating teams proceeded to the negotiation positions without a reference authority and without a clear negotiation plan. Moreover, the teams' members have not been selected according to what is dictated by the nature of these negotiations, which require political and professional capabilities. This failure has reflected negatively on the Palestinian negotiator's performance and has aroused extensive criticism and complaint among the ranks of the Palestinian people. Consequently, the Israeli side



tries to exploit these gaps to pass its own understanding of the accord. This condition has also enabled the Israeli side to back down on explicit promises it had made prior to the start of the negotiations, such as the promise to release detainees, which was not subject to negotiation, and the promise to lift the measures applied by the Israelis to isolate Arab Jerusalem and to entrench its annexation to Israel. The Israeli side was to initiate these two steps so as to give credibility to the accord and to spread a climate of trust that makes the Israelis take the peace process more seriously.

The second task is the task of broad national development that has been imposed by the accord on the authority that is likely to assume power in the occupied territories. What has been essential and continues to be essential is that the leadership take the initiative to draft a basic law—a constitutional charter—that defines this authority as a democratic authority founded on political plurality and on respect for the opinion of the opposition (from within the occupied territories). This initiative is especially essential in view of the growing talk about Palestinian police and of the fears that a dictatorial police authority will be imposed. The police have their role in safeguarding security. But this role must be controlled through a constitutional charter and through democratic laws and the strict observance of these laws.

Sulayman al-Najjab, the PLO Executive Committee member, went on to further explain the facts and causes of the internal dispute within the Palestinian ranks that support the accord. He has emphasized that no Palestinians disagree on the need to get rid of the Israeli occupation and to guarantee the Palestinian people's right to self-determination. The disagreement existing with the Palestinian opposition is over the "means" to achieve this goal. Opposition to the accord does not see in the negotiations and in the mechanism to implement them a successful means to accomplish the desired objectives. As long as the dispute is political, then everybody must adhere to political means and must adopt the language of democratic dialogue, without any accusations.

Al-Najjab touched on an important and vital juncture that has been and continues to be the cause of internal Palestinian disagreement. Rather, it has been a reason for the eruption of the latest dispute, which is the subject of the discussion of the hour. This is the dispute connected with the character of the so-called Palestinian Construction and Development Board, which has been formed under the chairmanship of President Yasir 'Arafat in the absence of a clear economic policy. Such a policy dictates the creation of a Palestinian economic front founded on Palestinian economic capabilities comprised of capable businessmen and economic experts who have broad expertise in this area. This front should be given a well-considered economic policy, which must be implemented to achieve Israeli withdrawal from our economic life; to disengage our economy and secure its independence; and to launch an economic building process based on development. The

composition and makeup of the Construction and Development Board responds to none of the above. Moreover, the board severely lacks the requirements of management, supervision, accountability, and auditing that are essential for us to make maximum use of the aid and loans that the international community has pledged to advance in order to help us establish the infrastructure that is a must for creating a sound national economy. Al-Najjab has characterized the formed board as a continuation of the methods that were used to manage the Palestinian National Fund and that culminated with this fund's bankruptcy. He has also warned that if we persist in the old method, we will gain no credibility among the parties that grant aid or with the Palestinian national capital that is very eager to participate in building its national entity.

Even though Sulayman al-Najjab has not signed the renowned memorandum, he has pointed out that a number of the Executive Committee members support its contents. If they have not signed it, it is because the memorandum will be ultimately presented to the committee, whose members will then speak their minds on it. At the same time, al-Najjab has expressed his sympathy for the demands that are made in this memorandum and that seek to elevate the leadership's performance to a level befitting the tasks of the new phase. These demands were characterized emphatically by most of those who addressed the latest Central Council as a guarantee that is certain to embody the accord in a way that meets the Palestinian national objectives.

## EGYPT

### Curbing Illegal Explosives Trade Probed

93AA0176A Cairo UKTUBAR in Arabic  
29 Aug 93 pp 19-21

[Article by Muhanna Anwar: "Now That Large Quantities of TNT Have Been Found in Terrorists' Dens, Who Controls Egypt's Explosives Market?"]

[Excerpts] Last Saturday, the security agencies raided a factory in the small town of al-Manfa, al-Haram area, used by terrorists to manufacture the explosive charges employed in recent terrorist operations. Inside the den, a large quantity of the highly explosive TNT, a number of incendiary bombs, two detonators, three large batteries, and a quantity of iron fragments were seized. These materials were being readied to make bombs. Camouflaged snares and a bomb similar to the explosive charge used in the attempt on the life of Interior Minister Major General Hasan al-Alfi were also found.

Nearly three weeks ago, unidentified persons robbed the explosives store of a public-sector company in al-Khankah. The theft was not committed stealthily but openly and before the eyes of three guards entrusted with guarding the store. The robbers, armed with automatic weapons, used a small trick, alleging that they were police officers who had come for an

inspection. They were then able to tie up the guards, break the store locks, and seize a large quantity of explosives. They then tied up the guards with ropes and locked them up in the room.

Does this mean that Egypt's explosives market is no longer controlled by the security agencies? What should we do to eliminate the explosives black market? Who guards explosives and dynamite stores? How does the guard perform? What is required to prevent the manipulation and the misuse of explosives for terrorist activities? Is it necessary to post a guard on these stores and to make their owners pay for it? Is the private guard system fit for Egypt? We have tried to answer all these questions, and others.

Security reports have confirmed that in the first week of last March, Cairo and State Security investigators and the Public Security Agency were able to seize three tons of TNT in the possession of a quarry owner in 15 May City and a quantity of dynamite that was enough to eliminate al-Muqattam Hills from Cairo's map or to demolish four low-income districts, such as al-Zahir, Bab al-Sha'riyah, Ghamrah, and al-Fajjalah in less than five minutes.

These security reports also confirm that there are more than 100,000 persons involved in the explosives trade and that among themselves, they form the explosives market. Most of them are inhabitants of areas adjacent to mountains, such as the Turrah area, which is close to quarries that rely on their work to blow up rock with dynamite. There are, moreover, professional dealers who supply the Mount Mayu quarries area with explosives and who deal in immense amounts of these explosives.

But how do the inhabitants of these areas get their explosives?

An explosives expert in the Cairo Security Directorate asserted that Egypt's explosives market relies on several sources, primarily the quotas of idle quarries, amounting to 20 kg per quarry annually.

The majority of these quotas come from the capital of the al-Saff district in al-Jizah and from the Nasir Organization in al-Muqattam, which is close to the mountains. This amount is enough to make 160,000 land mines, each priced at nearly 300 pounds. There are dealers who are specialized in digging up land mines and explosives in old war zones, such as al-'Alamayn and Sinai. After removing the fuses, these merchants bring their explosives to sell them in Cairo. All these quantities make it easy for certain individuals to manufacture hand grenades according to specifications that serve their purposes. In explosions, there are demolition waves, high pressure waves, propulsion waves, elevation waves, and sundering waves. To create each of these waves, the explosive charge has to be constructed in a special way and with different materials. The purpose of an explosive charge might be just to make noise.

The expert added that there is currently a big and serious problem, namely that some [quarry] areas, such as Hulwan, Turrah, Kutsika, and al-Jizah on the Cairo-Alexandria desert highway, have closed, thus creating a major problem for security people because most of the individuals who worked for them have accumulated considerable expertise and their assistance is enlisted by members of terrorist groups, and even by some private quarry owners who find it difficult to get explosives permits. Consequently, owners look for these individuals to make for them some simple types of charges that serve their specific purpose. The expert added that some sources of the explosives are quarries in Upper Egypt, especially the quarries of Dayrut and Bani Suwayf. Perhaps the latest cases in Upper Egypt confirm this fact, especially since the latest explosives seized in Aswan and Asyut consisted of time bombs and other materials actually readied to be used in making bombs.

Major General Muhammad Sadiq Barakat, the head of the Water Bodies Police Directorate, said that, "It has been recently noticed that some fishermen use explosives to catch fish. This kind of fishing activity is actually prohibited in Egypt. Campaigns were launched periodically to apprehend such fishermen. However, this phenomenon did not subside until it was decided to launch campaigns to confiscate the explosives. So, it was decided to directly assault the quarries and mines in the area adjacent to the Nile. It was then that we had our surprises. The most important surprise, according to the head of the Water Bodies Police Directorate, was the discovery of immense quantities of dynamite and black gunpowder. The latest surprise was the discovery of 20 kg of the highly explosive TNT. These explosives, seized at al-Qal'ah quarry, were enough, if used, to blow up Cairo in its entirety in a wink."

"What is dangerous in these major seizures," according to Colonel Muhammad Subhi, director of the Water Bodies Police Intelligence, "is the discovery of thousands of explosives. Traditionally, simple explosives, such as black gunpowder, which is used in children's firecrackers, were seized. But this time, varieties of locally manufactured TNT varieties, known as Anfu TNT, special detonators, and ignition fuses were seized. The surprise was the discovery of some mines, land mines, and camouflaged snares belonging to the armed forces. This means that the death trade has expanded and that new middlemen have become involved in it."

Maj. Gen. Taj Abu-al-Nasr, assistant interior minister and al-Qalyubiyah security director, said, "We cannot provide special guards to quarries and explosives stores because they require large numbers of guards. A single shift requires 12 guards. Moreover, these stores are distant and widely interspersed, and it would be difficult to control them."

He added: "Quarry guarding is a private guard activity that concerns the quarrying companies themselves. All we can do is to issue weapons permits to such guard members. Companies select capable individuals and we

train them at police training centers. The quarry company is required to purchase the weapons, we license the guard to carry them, and we train these guards in shooting."

Maj. Gen. Taj Abu-al-Nasr also said that, "For their part, the security agencies have increased their visits to the guard that is appointed to protect these places. Rescue squad, criminal intelligence, public security, and district police patrols drop in on these places to observe and watch guards perform their work at these sensitive and important sites."

The al-Qalyubiyah security director added: "The al-Qalyubiyah security directorate has in its district eight warehouses for these important and dangerous materials. They are divided among the areas of al-Khankah, Shubra al-Khaymah, al-Qanatir al-Khayriyah, Abu-Za'bal, Qalyub, and Qaha. All these warehouses belong to either public- or private-sector companies. We check on them and inspect their stores to make sure that they have enough guards."

Maj. Gen. Dr. Ahmad Abu-al-Qasim, first assistant interior minister for planning, control, and follow-up, has reaffirmed the Interior Ministry's new vision, which is based on a well-studied new plan. This plan calls for movement along two parallel lines: first, retrain the guards in charge of protecting these stores and warehouses and reexamine their capabilities. The second line calls for the Interior Ministry to guard areas that the ministry thinks are important enough to merit being guarded by the police. Moving along a second axis, a plan will be drawn up to retrain guards so as to enhance their standard and to examine their armament and their ability to confront the dangers they face in the performance of their duties.

On the instruction of Interior Minister Maj. Gen. Hasan al-Alfi, the Interior Ministry has drafted a plan to conduct a comprehensive and careful survey of all warehouses owned by public companies, the public and private business sector, and by private quarries and set aside for the storage of explosives and materials listed as explosives. The purpose is to make the warehouses secure and to ensure that their contents do not end up in terrorist hands.

Maj. Gen. Ahmad al-'Adili, an aide to the interior minister and director of the Public Security Agency, asserted that the Public Security Agency recently adopted a number of decisions to control the transportation, storage, and use of explosives. It has decided that the explosives quota will not be supplied in one consignment but in consignments spread throughout the year. One should keep in mind that the persons concerned have to submit statements on the raw materials they produce with the use of explosives so they will be permitted to use a subsequent part of their quota, based on the established consumption rates. The agency has also decided to regulate the process of explosives transportation from producing factories to warehouses,

making it impermissible for a warehouse to be more than 50 km from the consumption site. The purpose is to establish tight control and not to permit the disappearance of explosives during transportation. Parties permitted to acquire explosives are required now to appoint armed guards to protect explosives warehouses. There has been coordination with the security directorates to make it easier for guards to acquire weapons permits.

#### Inadequate Guard

Maj. Gen. 'Adil Baha'-al-Din, an aide to the interior minister, ex-director of the Criminal Evidence Agency, and an explosives expert, said that the guard provided to protect dynamite and explosives warehouses is not adequate because such materials disappear from these warehouses and are traded outside. These warehouses have certain security, inspection, and inventory measures, conducted every few months, but the reality in practice is something different. [passage omitted]

Maj. Gen. 'Adil Baha'-al-Din added: "The practical reality in Egypt is that there has been great manipulation in recent years. Al-Khankah warehouses were robbed four years ago. The armed forces warehouse in al-Maks area, Alexandria, was also robbed four years ago. Large quantities were stolen from the warehouse and disappeared. People from the criminal laboratory checked the site of the incident and determined that large quantities of dynamite had been stolen. As for security, the authorities concerned do not give this issue the attention it merits. Local police and civil defense representatives should be present during the delivery, distribution, and transportation processes.

Baha'-al-Din believes that the Interior Ministry decision on guarding explosives, dynamite and quarry warehouses, is a sound decision. Where warehouse with explosives are concerned, the police must perform their duties. Explosives and civil defense experts must also conduct surprise inspections because the danger does not lie in thefts alone but is also embodied in poor storage and in failure to observe sound storage principles. A warehouse could explode because of poor storage and lack of ventilation. Maj. Gen. 'Adil has urged that security rules concerning the storage of explosives and dynamite in quarries' warehouses be applied because under the current circumstances, one cannot rely on some ordinary guards to protect explosives warehouses. Individuals trained on guarding explosives and dynamite warehouses have to perform the job.

Maj. Gen. 'Adil Baha'-al-Din has urged the legislation of a new law that permits the security authorities, under the current circumstances, to control the storage and distribution of explosives to parties that use them for civilian purposes, such as quarries in Jabal al-Muqattam, al-Basatin, al-Ma'adi, 15 May City, and Kutsika. These companies, which crush rock, such as lime rock and other kinds used to pave roads, are entitled to blow up rocks from mountains and to crush this rock into gravel. They use explosives for the purpose. Here is where



explosives can be manipulated and smuggled to unauthorized parties. The former criminal evidence director has pointed out that there is a well-known explosives market in Turrah and that this market extends to al-Ma'adi and the 15 May City. Dynamite and all kinds of explosives, electric detonators, fuse cable, and dynamite sticks are sold. [passage omitted]

Maj. Sa'id al-Jawhari said that we need strong security consisting of guards trained especially in guarding dynamite and explosives. Conventional security, embodied in private or civilian guards, is not eligible to shoulder the responsibility of guarding and securing these warehouses. These guards are not aware of the dangerous uses to which these explosives can be put. We need specialized policemen who are trained for this type of guarding, who have the policeman's full awareness of the responsibility of his guard duty, who are supplied with modern weapons and means of communication, and who are given periodic training. Maj. al-Jawhari believes that this guard should be provided like any other police guard, but at a cost, and should be supervised by the Interior Ministry. Throughout the republic, we have nearly 1,200 quarries, of which 100 are in Cairo alone. Fifty quarries are found in each governorate, which has certain industries, mines, or quarries. This explosives expert has emphasized that the explosives market has totally disappeared now as a result of the visits made by security agencies to quarries, mines, and warehouses to check on and inspect their use of explosives. Explosives experts visit these warehouses at least twice a month to survey and inspect them regularly and to write reports after every visit.

Counselor 'Abd-al-Majid Mahmud, chief public attorney at the Higher State Security Prosecution, believes that stealing explosives is coupled with the crime of explosives acquisition and possession, which is a felony punishable by a life term or a shorter prison term at hard labor. Parts involved in the manufacture of explosives and the instruments to manufacture them are included as explosives. If explosives are stolen, then the ordinary position is that a crime of theft by force has been committed. In the al-Khankah incident, the perpetrators immobilized the guard and neutralized their resistance. Legally, the terrorism law, whose articles were added to the penal code at the end of 1992, is applicable to the perpetrators in this case. In this law, the legislator has defined what is meant by terrorism and what is meant by a terrorist act. The legislator views as a terrorist act any use of force, violence, threat, or intimidation to which a perpetrator resorts in order to implement an individual or collective criminal scheme aimed at undermining public order or exposing society's safety and security to danger. Such use is viewed as terrorism if it is likely to harm or terrorize individuals or expose their lives, liberties, or security to danger; if it is likely to cause harm in other domains, including public and private buildings and property; or if it is likely to lead to the occupation and seizure of such buildings and property. Such an act could be committed by any group or gang.

Counselor 'Abd-al-Majid Mahmud also says that insofar as penalties are concerned, severe penalties are applied to this activity. After all this, it is up to the security authorities to determine the purpose for which explosives are stolen because such a theft could be a link in a terrorist act through which a terrorist group has planned to seize the explosives to use them in its terrorist activity. [passage omitted]

### **Businessmen Attack IMF Reform Initiatives**

93AA0169A Cairo *AL-YASAR in Arabic*  
Sep 93 pp 11-13

[Article by Hasan Badawi: "Producers, Businessmen, Experts, and Unionists Attack Government Decrees; Trade Liberalization and Customs Amendments Are a Sudden Coup That Destroys Industry and Agriculture; Savings Rate Was 14 Percent in 1960s and Is Just Five Percent Now"]

[Text] In the past two months, the government has issued a number of economic decrees to start implementation of the second phase of its economic reform agreement with the IMF. These decrees have provoked varied responses from economic experts, producers, and even merchants. They all agree in their rejection of these decrees, which have been issued in an offhanded manner and without planning or consultation with experts or with the parties involved in the production process in Egypt.

All have agreed that these decrees will lead to the collapse of Egypt's industries, to increased burdens for the consumer, and to greater inflation and unemployment. All have also agreed that the objective of these decrees is, as stated at the meeting of the Chambers of Commerce Union, to bring maximum revenues to the Finance Ministry at the expense of producers, merchants, and consumers.

### **What Are These Decrees?**

- The introduction of customs tariff amendments that have reduced customs fees for 82 items and increased them for 63 items, including raw materials and production requirements. Fee increases for some imported raw materials and production requirements has amounted to 100 percent. At the request of the IMF, maximum fees on [other] imports have been reduced to 80 percent.
- Cancellation of the import ban on an added number of commodities and a decree permitting the private sector to import goods that it had been previously prohibited from importing, especially wheat, poultry, cheese, dairy products, and dairy derivatives.
- Abolition of the minimum interest rate on deposits for less than three months.

These decrees were followed by others. Industry Minister Engineer Muhammad 'Abd-al-Wahhab issued a decree reducing the minimum percentage of the local component in manufactured goods from 60 percent to 40



percent as a prerequisite for products to benefit from privileges that permit charging reduced customs fees for imported parts in locally manufactured goods. This decree applies to the production of passenger vehicles; Jeeps; pickups; radio, cassette, television, and video equipment; computers; document copiers; radio communication equipment; and electronic telephone pedals.

### **Recession and Inflation**

The Chambers of Commerce Union and representatives of the industrial and trade branches criticized these decrees severely at a plenary meeting that they held on 10 August 1993 under the chairmanship of union president Mahmud al-'Arabi. They also criticized the Finance Ministry's decrees and actions, because they will lead to greater recession, because they seek maximum [state] revenues, and because they fail to take people with limited income into consideration. The conferees at that meeting rejected the imposition of a 1 percent fee as a customs service fee, because this fee could constitute a serious precedent and could be followed by the imposition of similar fees on all parties involved in clearing imported goods. This is ultimately detrimental to the consumer.

Mahmud al-'Arabi has urged all business sectors to adopt a unified position toward these actions, which are likely to undermine the local industry. Al-'Arabi rejected the principle of permitting foreigners to register in the trade register and of granting them the right to engage in import activities, demanding that this activity be confined to Egyptians. He also demanded re-examination of the new amendments that have been introduced into the import and export regulations and that require commercial agents to establish service centers for the engineering commodities they import.

Data at the disposal of the Chamber of Printers of the Federation of Egyptian Industries show that 640 out of a total of 2,500 printing establishments were closed last year because of the sales tax. What will the consequences be now that this tax has been increased?

The data also show that 90 percent of Egypt's printed material is government material and 10 percent private sector material, meaning that the government will pay the sales tax to the government!

Estimates by metal industry experts indicate that there will be a big increase in the cost of steel products in wake of the latest customs amendments. Customs fees on pellets, the main raw material in the production of iron, has been raised from 5 percent to 10 percent, which will increase the cost of a tonne by 48 Egyptian pounds. There is, moreover, the impact of raising the customs fees for galvanized sheet iron from 10 percent and 15 percent to 20 percent and for black sheet iron from 15 percent to 20 percent.

Muhyi-al-Din Qandil, head of the importers branch and representative of the Cairo Chamber of Commerce, pointed out at the union meeting that increased customs

fees on some raw materials and production requirements will lead to importing less of these requirements and, consequently, to the collapse of the local product in the face of the imported rival product. The increased fees will also lead to increasing the cost to the domestic producer and, ultimately, to the consumer.

From a different angle, Zaki al-Suwaydi, member of the Consultative Assembly and of the Executive Council of the Cairo Chamber of Commerce, has criticized these decrees, revealing that Articles 85/1 to 85/27 of the latest customs amendments include commodities that are not produced locally. Despite this fact, customs fees for these commodities have been increased from 10 percent to 70 percent. Thus, the objective is not, as al-Suwaydi has said, to protect the consumer or domestic industry, but to obtain maximum revenues. Al-Suwaydi asserted that no import credit facilities are being opened now, because people are waiting to study the impact of the new fees on the market, in order to find out how well the market will absorb these increases.

### **Producers Disregarded**

At the same time, the government disregards the demands of producers, of company heads, and of union chairmen. The al-Nasr medicinal chemicals company, which is the only company which produces medicinal raw materials and antibiotics and on which continuation of the entire Egyptian drug industry relies, continues to experience a number of crises as a result of numerous factors. 'Ayshah 'Abd-al-Hadi, deputy chairman of the General Union of Chemical Workers and a Consultative Assembly member, listed these factors in her memorandum to the prime minister Dr. 'Atif Sidqi. The most significant factors are the developments in the hard currency exchange rates since the exchange rate was unified; the rising prices of local and imported raw materials and production requirements; increased taxes and customs fees; and higher energy and fuel prices.

This is why Dr. 'Usamah 'Abd-al-Warith, the company chairman, made a number of demands in the memorandum he sent to the prime minister on 18 March 1993, especially the demand that the government protect these essential products from the subsidy and inundation policies [of other countries] by increasing by 50 percent the customs tariff for imports similar to the medicinal raw materials and antibiotics produced by the al-Nasr company and the Arab Company, so that local production can survive.

The government has also disregarded the demands that Ja'far 'Abd-al-Mun'im, chairman of the General Chemicals Union, made in the memorandum he sent to the prime minister on 30 June 1993, for protecting the paper industry from the subsidy and inundation policies by raising customs fees on imported paper from 5 percent to 20 percent and reducing them for production requirements from 30 percent to 5 percent. 'Abd-al-Mun'im also demanded that officials in charge of printing school-books be required to use paper produced locally by the

Rakta company and the National Company in implementation of the education minister's directives, especially since ministry officials have lauded the quality of the local paper. The demand was made so that stock would not pile up, considering that the value of stock in the Rakta company alone has amounted to 40 million pounds. What is surprising is that printing houses, which owe the company 35 million pounds, import paper with Rakta's money. Meanwhile, Rakta's production lines have come to a halt and, as a consequence, the production lines of the paper pulp plant of the Sugar Company have also come to a halt.

### Reform and Plunder

Dr. Isma'il Sabri 'Abdallah, a former planning minister, an economic expert, and a prominent National Progressive Unionist Grouping Party [NPUG] leader, has said, "The decrees are a part of an economic reform plan according to the IMF's and the World Bank's concept of reform. It must be noted that in numerous cases, local implementation of the plan is not efficient. When the two institutions called for privatization, they did not talk of plunder and corruption, which is what is happening in the sale of public companies these days."

Dr. Isma'il has talked of the NPUG's vision of reform—a vision that was presented to the economic conference sponsored by President Mubarak in February 1982 [date as published]. This vision was based on the fact that Egypt spends at a rate that exceeds its gross product by 20 percent. This has led to accumulated debts. The burden of servicing these debts exceeds the new debts. This is why the NPUG Party called for a reform based on self-reliance and austerity, provided that the burdens are distributed fairly. The NPUG presented the elements of the reform policy at a frank and data-supported debate among all forces, parties, and organizations, so that this policy would be continued through social concord or through general consent. The crisis began to intensify as of 1985, when remittances from Egyptian expatriates were stopped, oil prices dropped, and recession spread to all markets.

This method of reform is, according to Dr. Isma'il, based on reliance on Egyptian capabilities and on saving instead of consumption. But the government rejected this method, even though it had no complete and clear alternative policy. The government has even concealed the letters of intent that it submitted to the IMF. Meanwhile, the main line of the IMF vision is that incomes of the rich should not be undermined because the rich can, in the IMF's viewpoint, save and then invest, whereas the poor will consume any income they get.

### False Allegations

Within this framework, the new increase in the sales tax, which is a part of the recent decrees, has come at the IMF's recommendation, with the objective of squeezing consumption. But this increase is embodied practically

in increased prices. From another angle, the increase is an inflationary measure that increases the prices of products, leads to accumulated stock, and raises the price of the foreign product. The outcome is reduced consumption by the middle classes and people with limited income, keeping in mind that these groups consume nothing but essentials in the first place. From 1986 to 1990, the purchasing power of the average income of government employees dropped by 50 percent as a result of inflation alone. Now, the government is adding to this inflation with its own measures, even though it continues to lie and say that it watches over people with limited income.

### Sudden Coup

Dr. Isma'il goes on to explain the roots of the customs tariff amendments and of liberalized imports, saying, "Our exports cover 34 percent of the value of our imports. The difference is covered with loans, which have decreased now. This decrease dictates a reduction in imports. Meanwhile, the IMF demands the full liberalization of imports, because reduced consumption will develop without a ban on imports. The IMF also demands avoiding use of the customs tax as an indirect means for a ban. It further demands that the highest customs tax bracket amount to no more than 80 percent. This is what has been done by the latest amendments, which expose industrial activity to danger. This is because the amendments introduce into the market conditions a sudden coup that does not give new industries enough time to prepare and compete.

### Destruction of Agriculture

"The liberalization of wheat imports comes at a time when agriculture is experiencing numerous problems because of government policies. A main part of agriculture's needs (fertilizer, pesticides, and seed) were subsidized, and farmers got them from the Loan Bank with subsidized loans. Now these requirements are left for the market mechanisms, and their prices have risen. This dictates liberalizing wheat prices and the prices of conventional crops. It also dictates that the state subsidize bread in the phases of production and of final distribution, considering that it is the main food staple that controls the decisionmaking. Without such a subsidy, opening the door to wheat imports and the import of other foodstuffs without a complete agricultural policy will pose a great danger to farmers and to Egypt's security and sovereignty. Moreover, it is essential to establish controls in order to ensure the fitness of imported commodities so the Egyptian market will not be invaded by bad cheese, chickens, drugs, and meats.

"The General Union of Bank Workers completes the picture with the memorandum that it sent to the prime minister, in which it demanded re-examination of the decree prohibiting the Agricultural Development and Credit Bank from operating in the field of production requirements, i.e., the field of seed, fertilizer, and pesticides, thus depriving the bank of 40 percent of its

revenues and initiating the dismissal of 12,000 bank workers operating in this field. This decree was issued even though preventing the bank from operating in this field contradicts the market mechanisms enacted for the private sector and for other activities. The memorandum noted that agricultural banks in capitalist countries, especially in France and Turkey, operate in this field."

#### Promoting Investment

Dr. Isma'il Sabri fears that the decree abolishing the minimum interest rate for deposits for periods of less than one year will strengthen the consumption tendency among small savers. These savers fear that the interest rate for their deposits will drop, while inflation and market prices rise. The principle in deposits for a period of less than one year is that they are operations intended for cash liquidity, not for investment. The IMF and the World Bank have demanded that these deposits be converted into shares, bonds, and investment certificates. All of this requires capable bank management, bank brokers, and certain preparations—of which we have none—to encourage small savers and to facilitate the conversion of their deposits into bonds and stocks. We should keep in mind, however, that the main goal behind offering shares for subscription is to gather savings, not to expand the base of private ownership, as the government alleges, especially since the current saving rate in Egypt is 5 percent, as compared to 21 percent in India and to 14 percent in Egypt in the 1960s."

To conclude, these are the economic decrees which the government issued without prior discussion with Egypt's production parties, experts, forces, and political parties and organizations. Whenever it enters into the cavern of negotiations with the IMF, the government springs a surprise on us. It emerges from its negotiations with an incomplete vision that is rejected by everybody, that is favorable to the richest, and that is rejected by the poorest, who are increasing in number day after day. What is more dangerous is that this vision is destroying the pillars of Egypt's economy and turning Egypt into a hostage in the hands of the IMF and the World Bank, both of which are the spokesmen of world capitalism, which is headquartered in the White House now.

#### Shanty Area Encroachment on Cities Explored

93A0160A Cairo AL-AHRAM AL-IQTISADI in Arabic  
23 Aug 93 pp 20-25

[Remarks by the governors of Cairo, al-Jizah, Alexandria, Aswan, and Qina by Zaynab Ibrahim; place and date not given]

[Excerpts] The problem of the unplanned construction of shanties on the outskirts of and within cities and suburbs has worsened. Shanties can now be seen on the roofs of urban buildings, on the banks of the Nile River, in underpasses, under bridges, and even in public squares and parks. There are about 961 shanty areas in all of

Egypt, including 81 that must be razed, and 880 that will be provided services and utilities if 4.3 billion Egyptian pounds becomes available for this purpose.

The emergence of these shanty areas is due to numerous causes, including: [passage omitted] jurisdictional conflicts between executive and local agencies; a lack of attention to urban planning; the fact that more attention is being given to urban areas at the expense of rural areas and the governorates of the forgotten south; and growing unemployment. These factors have caused an increase in people migrating from the countryside and southern governorates to urban centers in search of jobs and better services.

The basic features of these shanty areas are widespread ignorance and sickness, high illiteracy, high population density, the absence of essential services and basic utilities, and the fact that criminals dominate most of them. These areas, with several exceptions, lack water, sewers, and electricity.

Our purpose in this issue is to address the phenomenon of shanty areas—their causes and ways to eliminate them—based on discussions and opinions of ministers and governors heard at the second annual conference on "Local Development in the Information Age."

#### Eighty Shanty Areas in Cairo

First, how did shanty areas spread in the governorate of Cairo? 'Umar 'Abd-al-Akhir, the governor of Cairo, states that a shanty area consists of a residential cluster that encroaches on state property in the absence of public planning. Many factors are behind the growth of shanty areas. The most important include: delays in implementing detailed, public planning due to a lack of funding; local agencies' failure to fulfill their responsibility to counteract trespassing on state land in a timely manner before it becomes widespread; the diffusion of responsibility among local agencies; the interference of political decisionmaking in urban planning; and unplanned migration from areas from which people are compelled to leave, e.g., Asyut, Sawhaj, and al-Minufiyah.

The governor adds: Shanty areas first began to appear on state lands around residential clusters on the edge of the city. Individuals began to build shacks on the outskirts of the capital in a circular manner. Not content with that, they also began to infiltrate into the city, forming shanty areas in such places as 'Ayn Shams, Nasr City, Hulwan, Shubra, and even Isma'il-iyah Canal. Huts constructed of wood or tin plate can now be found on the roofs of buildings and on most of the real estate in Cairo—in passages between buildings, in underpasses, and on bridges.

'Umar 'Abd-al-Akhir: The shanty areas in Cairo were counted two years ago, when a comprehensive survey was conducted, and working groups were formed for all of Cairo's four shanty areas. This survey counted 12 shanty areas that must be razed immediately. It would be



futile to renovate them, because they consist of shacks and tin plate huts, and lack utilities, streets, or services. Six of them are in the northern area, four are in the southern area, one is in the eastern area, and one is in the western area. The study recommends that 68 shanty areas be developed, because of the feasibility of introducing utilities to them and raising the level of services in them.

An example of shanties that have penetrated a residential area can be seen in the 'Ayn Shams area, where shacks have been built in the midst of clean, low-income dwellings. The population of this shanty concentration is 330 families. The removal and eviction of this concentration of shanties began, after these citizens' complaints were heard, so that transport operations could be carried out with their mutual consent. We have also arranged for buses and vehicles to transport them and their belongings to new areas.

#### One Billion Pounds to Remedy the Problem

Another shanty concentration was located in an area of four km extending along the al-Isma'iliyah Canal. The 430 families living there have been removed and settled in urban housing areas.

Regarding the cost of razing or developing shanty areas, the governor of Cairo states: An economic feasibility study done on these shanty areas states that 12 shanty areas, with a population of 15,327 families, should be razed. This will require preparation of 15,327 housing units at a cost of 153 million pounds. The study concludes that 68 shanty areas should be developed at a cost of 600 million pounds. Therefore, the governorate of Cairo alone requires one billion pounds to solve the problem of shanty areas. The governorate's strategy for handling the shanty areas began with an inventory of these areas. Measures were taken to eliminate some of these areas and house their residents. Nonetheless, many are waiting for us to fully implement this strategy, especially if Urban Planning Law No. 3 of 1982 is implemented. This law has not been implemented fully in the governorate due to a lack of funding. If this law had been implemented, the situation would not have reached this state.

Implementation of the Urban Planning Law has started modestly in al-Jizah, in the sector west and east of the Nile. In Cairo, we began implementing it with our local capabilities two years ago in urban areas requiring a major effort, such as, al-Zamalik, al-Manyal, al-Rawdah [an island in the Nile at Cairo], and Garden City, where the styles and heights of buildings have been stipulated to prevent the future emergence of shanty areas.

We have also begun to implement an ambitious housing plan to absorb the residents of shanty areas scheduled to be razed or developed. The development of some of these shanty areas will entail the razing of several housing districts, such as, in Misr al-Qadimah, whose development requires the complete razing of six shanty areas in it.

The governor of Cairo stresses the need for funding and for the introduction of public utilities to new urban areas, because people cannot be housed in buildings lacking utilities.

Regarding the effect of shanty areas on urban residential neighborhoods, 'Umar 'Abd-al-Akhir states: The effect is of course negative. The public utilities in these urban residential neighborhoods have deteriorated because of the shanty areas on top of or next to them. A key cause of the deterioration of al-Qubba underpass is the shantytown of Abu-Hashish built on top of it.

There is also the Ahmad Badawi Underpass in Shubra. It was closed because of a shanty area on it. The same holds for Muhammashah Underpass, al-Za'faranah Underpass next to 'Ayn Shams University, and al-Malak al-Salih Underpass, which leads to al-Jizah. All of the utilities of these underpasses have been bad due to the presence of shanty areas. [passage omitted]

To remedy the problems of shanty areas, the governor of Cairo recommends the following:

- The speedy revitalization of planning regions in the governorates and the subsequent establishment of urban planning agencies, who will start immediately to plan areas in the governorates.
- The immediate start of the development of governorates from which residents are being compelled [to leave], and the establishment of various production and service projects to absorb the labor force which has been migrating to greater Cairo and large cities in other governorates.
- The declaration of greater Cairo as an area closed to any industrial activities or projects to forestall an increase in its population.
- The provision of a regular flow of funds to raze shanty areas in Cairo (which requires one billion pounds), and the continued flow of 300 million pounds per year to the governorate of Cairo, so that it can continue to implement its plan to eliminate shanty areas with the necessary speed, as any delay in the allocation of these funds, even a delay of only one year, will disrupt the rate of implementation established for this plan.

[Passage omitted] 'Abd-al-Rahim Shahhatah, the governor of al-Jizah, provides us with a true picture of shanty areas in the governorate of al-Jizah: The unadorned truth is that the shanty areas in the governorate of al-Jizah consist of areas with poor services, which were built on the edge of the city due to the absence of suitable land zoned for construction. These shanty areas, which now extend onto agricultural land abutting the city, are an inevitable result of inattention to urban planning at the state level, and the devotion of greater attention to urban versus rural areas in the belief that agriculture is the only concern in rural areas. Shanty areas are also the outcome of factors which compel people to leave the countryside for urban areas and which attract them to urban areas.



Factors which drive people away from rural areas include population growth unaccompanied by an increase in agricultural land; the unavailability of basic utilities, services, and jobs; and an increase in graduates wishing to work in the city. Factors that attract people to urban areas include the greater availability of jobs in urban versus rural areas due to the presence of industrial zones in the cities and the concentration of centers of production and services in the main cities. These forces of repulsion and attraction have caused the emergence of new shanty areas whose effects extend to economic, security, and psychological conditions. Shanty areas are thus a mistake made by society and the inevitable result of a lack of planning and a failure to enforce the law.

'Abd-al-Rahim Shahhatah adds that there are 32 shanty areas in the city of al-Jizah. Fifty percent of the residents of these areas are itinerant vendors, day laborers, and practitioners of unclear occupations. Most of them come from the governorates of Upper Egypt, especially from the governorate of Sawhaj. Twenty-five percent of them are workers and white-collar workers. We do not know the occupations of 25 percent of them.

The official census of the governorate of al-Jizah differs by about 4.4 million from the actual number of people living there. The official census of the city of al-Jizah is 2.2 million, the city's official area is 125 square [sq] km, and the census of the countryside is 2.2 million. There are five districts in al-Jizah—the western, central, southern, and northern districts, and al-Haram district. The official population of these districts is 2.232 million, and the number of residents in the shanty areas of these five districts is 2.259 million. In other words, residents of the shanty areas in these districts constitute 101 percent of the residents of the official districts in the governorate of al-Jizah. For example, the western district of al-Jizah contains nine shanty areas, which are Qamashah, Abu-al-Layl, Zaynah, Tariq al-Malikah, Kafr Taharmas, al-Zahra', al-Zuhur, al-Shurbaji, and Sayyid 'Ammar. The number of residents in these shanty areas is 897,000, and the official number of residents of the district is 698,000. In other words, 40 percent of the population of the city of al-Jizah lives in shanty areas.

The northern district of al-Jizah contains an integrated shanty area, which is Western al-Munirah. Its population is 600,000, and the district's official population is 572,000, which is a difference of 27 percent. These numbers mean that the governorate of al-Jizah has two metropolises, an official metropolis and a shanty metropolis. Al-Jizah also has two cities, an official city recorded in the registers, and another, which is a shanty area. Of note is the presence of 600,000 people living in the shanty area of Western al-Munirah, in an area of two sq km. Therefore, the shanty areas in al-Jizah are an anomaly that must be eliminated immediately, especially in view of the deterioration of morals and behavior, and the feeling of alienation which engulfs most of the residents of these areas.

### Huts Along the Nile

The governor of al-Jizah said that the total area of the city of al-Jizah is 125 sq km. The shanty area in al-Jizah's western district occupies 27.15 sq km or 21.7 percent of the city, that of the southern district occupies 11 sq km or 8.8 percent, that of the central district occupies 1.07 sq km or nine percent, that of al-Haram occupies 30 sq km or 24 percent, and that of the northern district occupies two sq km or 1.6 percent.

The governor adds that shanty areas not only encroach on agricultural lands and buildings, but also on water conduits, especially the Nile River. Unzoned huts have been built in and around the Nile. It should be acknowledged that the governorate of al-Jizah at one time helped in the construction of these shanties, such as those in the district of al-'Ajazah al-Qadimah, which is meters away from al-Nil Street, near the city of al-'Ayyat, where unplanned activities are taking a new form, involving an oil company discharging its waste into one of the main drainage canals just several meters from the Nile River. Another unplanned activity can be seen on al-Bahr al-'A'zam Street, where one party has poured reinforced concrete into the Nile to create a river club. Such unplanned upscale building activity must also be eliminated, because it damages the Nile River and fills parts of it with reinforced concrete.

### Four Areas Must be Safeguarded From Violation

To solve the problems caused by unplanned building, the governor of al-Jizah suggests that all of society protect four areas from violation, and enforce the law and society's authority regarding them. These areas are roads, the river, agricultural land, and state property. Also, efforts should be made to provide these shanty areas with services, especially drinking water, sewers, lighting, paving, youth centers, and other services. Some of these services have actually been provided. For example, 99 percent of a sewer project began in Western al-Munirah in 1989 has been implemented. A water system has also been introduced to 33 percent of Western al-Munirah through a program costing 3.9 million Egyptian pounds. Western al-Munirah has also received new water lines, five new streets, and 211 street light poles on six streets. Two streets have been paved, and work is now underway to pave the rest of the streets, build a youth center with an area of 4,500 sq meters [m], establish a small model market with annexes, expand the small security point into an integrated police department, establish an integrated medical center whose cornerstone has been laid, build a model public park on 5,000 sq m, and establish 50 production workshops. These services cost a total of 7.966 million pounds. They represent the first stage in the development of Western al-Munirah. The second stage, scheduled for 1993-1994 and costing 14.5 million pounds, covers the completion and paving of eight streets, completion of the installation of street and other lighting, and a project to develop water systems for the first and second of eight areas.

As of late June 1993, the district of al-Jizah had been allocated 1.63 million pounds from the budget for shanty areas, at an implementation rate ranging from 20 percent to 45 percent, in addition to a three-year Japanese grant of 150 million pounds to implement a sewer and water project in the areas of al-Munib and al-Qasabaji. In the next development stage, paving efforts will be focused on the area of al-Munib, due to the increase in its population (to 100,000) and the fact that only 10 percent of its roads are paved. Services in the shanty areas of the western district are virtually nonexistent. [passage omitted]

#### **Controlling Migration and Continuing the Flow of Funds**

To end the problem of shanty areas, the governor of al-Jizah recommends: establishing controls to stop internal migration from al-Jizah's suburbs and administrative districts to its urban area, suspending building permits in shanty areas that lack services and utilities, providing services in the governorate's villages to end migration to the cities, giving attention to basic education, and providing basic education in areas where it is lacking. The most important recommendation is to continue the flow of funds needed to remedy the problem of shanty areas, whether those that must be razed completely—e.g., 'Izbat Awlad 'Allam, Mit 'Aqabah, and al-'Ajazah al-Qadimah—or areas requiring only the displacement of their residents to reduce their density, e.g., western al-Munirah, whose development requires 14 million pounds, and all of al-Jizah, which requires 78 million pounds for developing services in its shanty areas. At the same time, legislative measures are needed to stop the growth of shanty areas, because individuals are still building on agricultural lands and encroaching on the Nile. All of the shanty areas have grown up on the best agricultural land in al-Jizah, which used to provide fruits and vegetables to all of Egypt, e.g., the areas of Imbahah, Bulaq al-Dakrur, and al-Munib. For all of these reasons, the time has come for all of society to take a stand against chaos.

#### **Thirty-Seven Shanty Areas in Alexandria**

Regarding shanty areas in the governorate of Alexandria, Justice Isma'il al-Jusqi, the governor of Alexandria, states that shanty areas are a national problem that has clearly spread recently and is a focus of many problems that affect progress and development. [passage omitted]

These shanty clusters are characterized primarily by widespread ignorance and sickness, high illiteracy, high population density, domination by criminals over most of them, violence and intimidation, and a sharp decline of services and utilities in them.

Justice Isma'il al-Jusqi adds: There are 37 shanty areas in the governorate's five districts, in addition to 44 shanty areas in the administrative district and city of Burj al-'Arab. These shanty concentrations can be detailed as follows: eight shanty areas in the district of al-Muntazah, with a population of 200,000; six areas in

the eastern district; nine areas in the central district; eight areas in the western district; and eight areas in the district of al-'Amiriyah. In addition, there are 26 shanty concentrations in the villages of Burj al-'Arab administrative district, and 16 concentrations in the city of Burj al-'Arab.

The population of the shanty areas constitutes 38.8 percent of the governorate's total population. The area occupied by the shanty towns takes up 3.9 percent of the governorate's total area. In the district of al-'Amiriyah and in the administrative district and city of Burj al-'Arab, the population in the shanty areas relative to the total population is 100 percent, and the area of the shanty areas relative to the total area is .7 percent [and] 51.8 percent [respectively]. [passage omitted]

#### **Shanty Area Solutions in Bani Suwayf**

To obtain a picture of the shanty areas in the governorates of Upper Egypt, we will first examine shanty areas in the governorate of Bani Suwayf. This governorate has 51 shanty areas in seven cities; 15.35 million pounds have been allocated to develop these areas. Implementation of the first stage of development began in late June 1993 at an implementation rate of 93 percent. Allocations for the second stage total 25.181 billion pounds. We hope for and urge: approval of the needed allocations, so that the governorate can develop the rest of the shanty areas and speedily complete the hook-up of public utilities to the new city of Bani Suwayf, which is a natural extension of the old city of Bani Suwayf; reduction of the price of land zoned for construction, so that new shanty areas do not arise; the continued arrival of allocations to develop shanty areas; and the advancement of villages by providing services to them, so that villagers are not compelled to migrate to urban areas and thereby add to the problem. [passage omitted]

#### **Unplanned Housing and the Expanse of Qina**

According to the governor of Qina, Yahya al-Bahnasawi, there are 66 shanty areas in the governorate of Qina.

The problem is throughout the governorate, which is 240 km. There are 12 cities in the governorate. One of these cities contains 14 shanty areas. The area covered by shanty areas in Qina is 28 sq km. The population of these areas is 241,000. These unplanned areas amount to 40 percent of the planned areas in the governorate. Preliminary estimates have been made regarding the cost of developing these shanty areas by introducing drinking water and sewers and paving roads. The governorate has yet to begin addressing other services. The total cost of this development is 578.4 million pounds, of which 12.2 million pounds have been disbursed to develop water and sewers for the city of Qina.

The 12 other cities in the governorate of Qina lack sewage services, which are limited to the city of Qina. We have 165 villages which lack basic services. The second phase of the development, which will cost 50.8 million pounds, concerns public utilities and cleaning

vehicles. The actual budgetary allocations total 100,000 pounds, which are intended to cover the purchase of cleaning vehicles! The governor of Qina emphasizes the decline in the level of services in the governorate and its need for street-sweeping vehicles. He states that we have actually begun to replan the cities, perform a comprehensive survey of the entire shanty area, and formulate a timetable for implementation. We have begun to develop the most damaged areas having a high population density. The razing of these areas is occurring only on a very limited scale, because, how can I raze houses in the absence of alternative housing. Even if it does exist, it lacks sewers. I actually have 7,000 apartments which people have abandoned. They do not want to live in them, because they lack plumbing and water. These empty units require 11.2 million pounds.

Yahya al-Bahnasawi calls for making the expenditures needed to develop the shanty areas, so that this process can start and consideration can start to be given to planning and building villages with a suitable character, establishing small markets outside of the cities to prevent the growth of shanty areas, and educating individuals about the dangers posed by their encroachment on state lands and by unplanned construction on them. [passage omitted]

#### **Local Market Response to Lift of Car Import Ban**

93AA0171A Cairo UKTUBAR in Arabic  
5 Sep 93 pp 21-23

[Article by Hatim Faruq and Sultan al-Hajjar: "Now That Importation Has Been Allowed, What Is Happening in Car Market; Beware of Asian Tigers Under Canopy of New Laws"]

[Text] Now that the door of car importation has been opened, car dealership owners are free to bring in all kind of vehicles, which is in harmony with the trade liberalization policy.

But since the sales tax has been increased from 20 to 25 percent; since customs fees for minibuses and semitransports have been increased from 30 to 70 percent; and since the provisional release (trip-ticket) system has been scrapped and the customs installment system has been embraced, will the objective of protecting domestic production be accomplished? Will prices tend to come down? Will the customs smuggling phenomenon disappear now that these controls have been established?

To begin, Muhyi-al-Din Qindil, the importers branch chief, pointed out that since it has been decided to increase the customs tariff for certain types of vehicles, especially for minibuses, trucks, and buses by 40 percent and the sales tax for all types of vehicles by 5 percent, Egypt's car market will not be greatly affected. If any price increase occurs, it will be tied to the type and quality of the vehicle itself, which will make up for the increase. The number of vehicles entering the country by way of all the customs inlets has remained constant and

will not change, even with importation allowed. Moreover, it is difficult to limit the types of vehicles entering the country, especially under the canopy of liberalized trade. If they are limited, then what purpose will be served and what gain will be made?

The importers branch chief has asserted that importation did not stop throughout the ban period because merchants have their own, perhaps crooked, ways with which to circumvent the law. They have used expatriate workers to import cars, exploiting the workers' residence permits to import the vehicles while paying the workers a sum of money as an incentive. This shows that the ban was on paper only.

#### **Meaningless**

Muhyi-al-Din Qindil added that permitting importation gives dealership owners the freedom to import through official customs inlets, with taxes and fees collected from them. This collection will limit the number of vehicles imported into the country, especially since fees have been increased. Thus, the numbers of imported vehicles will not increase as greatly as we imagine now that importation has been opened because we have already been importing.

As for increasing the customs tariff on minibuses and trucks from 30 percent to 70 percent, the only thing this step means is the collection of taxes. It does not protect domestic industry as much as it harms it by the absence of competition between domestic and imported product, especially since the domestic product has not yet attained a quality level that makes one rely on it and not on imports. With increased taxes, the import will, of course, have less of a chance. It suffices to know that a 5-ton truck produced by Motors Company costs 86,000 pounds whereas a similar truck costs in the First World no more than 40,000 pounds, keeping in mind the quality difference. This confirms that imports are in the consumer's interest because the right price is then offered by the markets, which in turn contributes to reduced prices.

#### **Organization and Importation**

Ahmad 'Abd-al-Rahman, a car dealership owner and member of the Chamber of Commerce Executive Board, believes that since the 1985 ban decree, some intruders on the world of vehicles have been importing vehicles behind the government's back, and this chaotic vehicle importation has had a great impact. Using [?false] names, these intruders started working and selling imported vehicles. However, the state has reaped no benefit from the various types of vehicles imported during the ban period.

'Abd-al-Rahman has said that the decision to lift the ban is nothing but a step on the path of economic reform and liberalization and that the only beneficiary under the canopy of permitted importation is the government, especially from the importer who will pay 2 percent the value of an imported vehicle in taxes, in addition to the



taxes paid by dealer and vehicle owner. All this will lead to an enormous infusion of funds to a state treasury deprived of such an infusion.

'Abd-al-Rahman added that all indications are that vehicle prices will likely decrease now that importation has been allowed, especially under the umbrella of the regulation imposed by the state on the import process. He further added that car dealerships in Egypt are well aware of what types of various vehicles the Egyptian market needs and, to a large degree, what types suit the Egyptian consumer. They gain this awareness from a monthly publication containing import lists and types of vehicles introduced into the Egyptian market.

As for protecting the national car industry and its connection with the decision to permit importation, Ahmad 'Abd-al-Rahman said that the regulation governing the importation process will take into account how to protect Egypt's car industry, especially since it is a newborn industry. He asserted that increasing the customs tariff on car production requirements from 20 [sic] percent to 70 percent could lead to problems that impede the Egyptian car industry. 'Abd-al-Rahman also touched on a segment of the Egyptian society, which must be taken into account in the new decisions made under the canopy of open importation. This segment is concerned with the importation of semitrucks and minibuses that are used to transport passengers. These vehicles are bought on installment by a certain group of people with a limited income. But increasing the customs fees on these vehicles from 30 percent to 70 percent will lead to increased prices and will, consequently, block the source of livelihood of many in this group.

#### Consumer Protection

Ahmad 'Abd-al-Rahman noted that consideration must be given to how to protect the consumer in regulating the process of open importation. This process will enable numerous individuals to import cheaper vehicles. But these vehicles are not manufactured according to requirements and standards that befit Egypt's climate. Therefore, the "source-of-origin-certificate" system must be revived. Accredited representatives get this certificate, thus ensuring the element of quality and ascertaining that imported vehicles befit local climatic conditions and that their production standards vary according to environmental conditions.

#### Imports and Benzine

Yahya Sa'udi, a car dealership owner, has asserted that the decision to open importation will have a negative impact on local production and on Egyptian car production companies, such as al-Nasr Company, the Arab Manufacturing Organization, and Suzuki Company, especially since Egypt's car industry is a newborn industry that needs more assistance to reach the phase of producing a 100-percent Egyptian car. When the importation door is opened, controls must be established and the imports must be regulated so they will not inundate

the market and so local industry will continue to be promoted. Sa'udi added that opening the door of imports will be beneficial to the big names, such as Mercedes and U.S.-made cars. These types are also big fuel consumers and will further exacerbate the environmental pollution problem. Therefore, a law must be issued requiring the use of unleaded gas so as to preserve the environment. He further added that the decision to open importation will have a negative impact on industries supplying the Egyptian car industry.

#### Another Outlet

An official source at the Customs agency, who has declined to reveal his name, asserted that the main goal behind the decision to increase the tariff and the sales tax is to bolster Egypt's car industry and to protect it from foreign competition, especially since Egypt's minibus and truck production has begun to make advanced industrial strides. With this increase in customs fees, the number of imported vehicles will be reduced and merchants will become interested in showing the low-priced domestic product.

The source added that even with the door of importation opened to all kinds of vehicles, he does not believe that dealership owners will be eager to import because they do not need to get into problems with the customs authorities under the canopy of increased fees, especially since these dealers can deal with another outlet where they can find their desired object, namely the free zones, which exempt them from the payment of taxes and fees. Consequently, they prefer to import vehicles through the free zones under the buyer's name directly. This method will continue, unless a solution is found to impose commercial profit on these zones.

#### Customs Installments

The source at the Customs agency also pointed out that no more than 40,000 vehicles are imported annually at present, even though there has been a slight increase since the door of importation was opened. The source further pointed out that the provisional release system has been terminated. This system calls for the payment of vehicle fees beginning with 250 pounds and up to 1,000 pounds every three months. Three months later, 5 percent of the customs fees is paid, and then 5 more percent in the final quarter of the year. In the second year, fees amounting to 40 percent are paid. Thus, 60 percent of the customs fees are paid within two years. But with the issuance of the new decree on the payment of customs fees in installments, the system of provisional release has been terminated altogether and replaced by the final release system, which provides only for fees ranging from 85 percent to 160 percent to be paid in installments.

However, the Customs agency has permitted the payment of customs fees in installments for vehicles released recently under the umbrella of the increased fees, provided that any vehicle released is one year old, at least.



Customs outlets do not permit the release of vehicle models produced in the same years. The customs source also said that tax evasion persists and that 300 tax evasion cases have been seized with the traffic department's approval since the beginning of 1993. This evasion costs the government losses of no less than 250 million pounds.

#### **Tourism and Provisional Release**

The official Customs Authority source said that the goals behind the new regulations governing the provisional release of vehicles arriving in Egypt is to fill the gaps that allowed some vehicle owners to avoid payment of the customs fees on their vehicles for long periods that exceed three years and to content themselves with payment of the release fees only. This evasion has cost the government the loss of large revenues. Moreover, those who have paid their customs fees in full are treated the same as those who have paid the provisional release fees only.

The source emphasized that Egypt's tourism will not be greatly affected by the decrees concerning provisional release. He has said that there are vehicles whose provisional release fees have been paid, vehicles whose customs fees have been paid, and vehicles that are reexported to the countries from which they came. He has also stressed that the Customs agency has drafted a plan to make count of all vehicles subject to the system of provisional release through computer records and that when the provisional release period is over, the vehicle owner will be summoned and informed of the procedures he has to follow to either pay the customs fees or to reexport his vehicle.

The Customs agency has conducted a study on the various types of vehicles that have benefited from the provisional release—trip-ticket—system. The study confirms that Mercedes cars top the list of vehicles entering Egypt, especially since the time when customs fees for Mercedes vehicles were raised. Meanwhile, revenues from provisional release fees have decreased. In the final six months of last year, 2,877 Mercedes vehicles arrived in the country and benefited from the provisional release system, compared to 506 vehicles that paid the customs fees in full. The Japanese-made Mazda ranked second, with 2,240 Mazdas entering the country compared to 310 Mazdas. Next on the list were the French-made Peugeots, of which 1,764 entered the country compared to 606 vehicles that got final releases.

The study also confirms that the Mercedes has a special clientele who come from the classes of businessmen, factory owners, prominent merchants, and Arab and foreign tourists. By law, these groups are entitled to bring their vehicles into the country with them without paying customs fees during the period they spend in Egypt. These groups represent 50 percent of all Mercedes owners. The reason for the demand for the Mercedes, despite its astronomical prices, which go as high as 1.2 million pounds, is that its value increases with time.

Moreover, it has qualities lacking in other cars, including its safety factor, which has reached 100 percent. The second group of Mercedes owners in Egypt is a group that goes for luxury when acquiring a car.

#### **Asian Tigers**

Sayyid Yasin, the owner of a spareparts dealership, notes that the most important countries exporting spareparts to the Middle East region are the so-called Asian tigers, especially Taiwan, Hong Kong, Singapore, and other countries where spare parts are manufactured according to the same specifications but are of varying quality. What is surprising is that these countries designate poor-quality production for the Middle East and send their high-quality production to the United States and Europe. This is why an importer has to be aware and experienced with poor- and good-quality varieties because it is difficult to discover flaws in spare parts that have the same specifications. Moreover, it is possible to cheat and imitate these spare parts locally, especially parts such as brake linings, tires, filters, and other parts.

Yasin adds that vehicle spare parts must be available because the consumer's interest in a car is proportionate to this availability. A consumer does not like to own a foreign car that is difficult to repair if something goes wrong because no spare parts are available. There are numerous examples of types of cars that have to be repaired abroad, thus increasing the cost to the consumer.

#### **Run in Place**

Tariq Farid, the sales manager of a minibus and truck dealership, believes that increasing the customs tariff for minibuses from 30 percent to 70 percent has led to the absence of competition, even though the door has been opened for importation. This step has not achieved its goal because the increase rate has reduced the demand for imports under the difficult circumstances through which the country is going. Increased fees mean increased prices at a time when the prices of local production are low, thus increasing the demand for this production even though its quality is poor, not just in terms of specifications but also in terms of the components. This is because it is possible that spare parts incompatible with a certain type of vehicle are used, thus reducing such a vehicle's efficiency. This approach causes local production to "run in place."

### **ISRAEL**

#### **Shamir: Agreement Endangers Country's Security**

94AA0014A Tel Aviv YEDI'OT AHARONOT [24-Hour Supplement] in Hebrew 25 Oct 93 p 3

[Article by Yitzhaq Shamir: "The Agreement Will Be Abrogated"]

[Text] The agreement between Israel and the PLO, that no one had imagined a few weeks before, made a most

serious breach in the wall of Israel's security and existence. This breach is reminiscent of the day of 17 Tammuz in our history, when the Roman enemy breached the wall of Jerusalem. Since then, the situation of the state has continued to deteriorate and worsen daily. The dangers are multiplying and increasing, and due to their increase, their severity is becoming obscured, and they no longer shock, and leave the people indifferent.

I will cite several of them: It is already clear that Judaea and Samaria will not be part of the State of Israel. "The Gaza and Jericho Plan" appears today as a small and narrow corridor, which in a short while will no longer be discussed; the time between the interim agreement and the final settlement loses its comforting significance, because, first, the government representatives, who are quick to aggravate things, are beginning to erase gradually the division between the two arrangements, and, second, the period between the agreements has already been shortened a lot. The reference is to only a little more than two years, and what is the value of such a period, when the fate of a people and a state is being determined; Israeli sovereignty over the united Jerusalem is becoming an obscure dream whose image is becoming fainter and fainter, in the "cordial" meetings of our negotiators. The compromises and the concessions on this holy matter, which ministers and assistant ministers swear on every day, are crystallizing in the "creative" minds of the uniformed and nonuniformed bureaucrats, who have cut themselves off from any emotional connection with the Jewish ethos. It appears sometimes that Jerusalem is returning to its place in our prayers.

The Golan Heights are drawing farther and farther away from the Israeli daily reality. They serve as a subject for discussions between the representatives of the U.S.A., Egypt, and Israel. They are looking for the sharp-witted fellow who will invent the redeeming formulation, following which the Golan Heights will become a short-lived episode in Israel's history, which has not yet recovered from the rule of the Likud. The "assertive" make-believe of the Rabin-Peres duo no longer convinces anyone. Anyone who hears is convinced that the fate of the Golan Heights has already been decided.

The Palestinian state is taking form, and more and more Israelis are becoming accustomed to its imminent birth; the glorious Jewish settlement project of more than 140 settlements in Judaea and Samaria, in the Gaza Region, the Golan, and the Jordan Valley, is in danger of liquidation, and in the best case, of expiration due to atrophy and acceptance of the bitter fate. We are witnessing a rear-guard action of isolated settlements, which are struggling for "their annexation" to what is termed "sovereign Israel" by the prime minister.

The fruits of years of labor and sacrifice, daring effort of expanding the state's "hips," and establishing its security on the hills, are in danger of destruction. One hundred and thirty thousand of the best of our sons and fighters,

who are dedicated without limit, who are tied by the entirety of their souls to every particle of the earth of the homeland, are slowly becoming hostages of the most extreme of our enemies.

Israel's meager water resources are slipping from our hands. Israeli agriculture performed miracles in maximal exploitation of the meager water resources at its disposal. We were a global example by our ability to conserve water, to make deserts bloom, and to revive the wilderness—but our miracle workers will not succeed in making miracles when the water under the ground of the homeland will change owners according to the maps that the diligent mapmakers are preparing.

More and more dangers and threats could be enumerated, but it seems to me that this is enough in order to arrive at the most severe conclusions.

It is true that all of those frightening things that I have enumerated above have not yet come to pass; Judaea and Samaria and Gaza and the Golan are still in our hands, and our life there goes on as usual, but we have learned from experience. Everything that was written and signed by our representatives—its realization will surely come. And one morning we will wake up in a completely different state. Our children and our grandchildren, who were born in the post-Six-Day War country, will be shocked by the new reality, and in their great despair and sorrow they will understand that we missed the boat. They will blame us, their parents and those who brought them into the world, and will place the responsibility upon us.

The conclusions must be clear and simple. All of those who are concerned about the future of the Jewish people and the land of Israel, also including those who relied on the theory of the deceased territorial compromise, must set two goals for themselves:

- 1) To abrogate the unfortunate agreement with the PLO. For the time being, the reference is to an agreement in principle. Nothing has yet been implemented in the field. It is not yet too late to erase it and to send it out of this world. This is a verdict of destruction and it must in no way be accepted;
- 2) To bring down the government that signed the agreement of 17 Tammuz, and determined to implement it up to the coming of the destruction.

### **Terrorism Strengthens Influence of Spiritual Leaders**

94AA0014B Tel Aviv YEDI'OT AHARONOT (Weekend Supplement) in Hebrew 5 Nov 93 pp 9-11

[Article by Tzvi Gilat: "A Revival Campaign"]

[Text] The Tel Aviv taxi driver who drove me this week to Beyt-El was curious to know what was this neighborhood through whose alleys we were passing. I told him that this was Ram'allah. You will not believe it, he said

in amazement, I haven't been here since 1967. I asked him to close the windows. He asked with concern whether I was cold. I explained to him that in places where stones are thrown, it is preferable to travel with the windows up. What, the driver exclaimed, are they still throwing stones? After the agreement?

Not one stone was thrown at us, and the closing of the window was for me more a matter of habit than of real apprehension. But when we arrived at the home of Miri Maas, in Beyt-El, she scolded us harshly for daring to travel in an unprotected vehicle. An hour afterwards, we gave her a lift to Jerusalem, passing through El-Bira. I could feel that she was very tense, her eyes darted sideways continually, and until the closure roadblock next to Neve Ya'aqov she was very tense.

At first, it seemed strange that an experienced person such as she, who passes on this road at least twice a day, would be more afraid on it than I. Afterwards, I understood that she apparently knows something that I do not know. It turned out that only one month ago she was surrounded by 15 Palestinian men who wreaked havoc on her new automobile.

In contrast to what we imagine, the stone throwing on the road did not cease for even one day, and her neighbors report an incident every day. One day before our meeting, a suicide driver blew up near the gate of the Shiloh settlement. For many, this was an item in the newspaper. For her—proof of what, heaven forbid, is liable to occur tomorrow at the entrance to her settlement.

At the end of last week, Hayyim Mizrahi of blessed memory was murdered at the entrance to her settlement. The violent demonstrations of the settlers during the four succeeding days received the headline "A Jewish Intifadah." At this point, it seems that the rumors of its birth are premature. But it is definitely possible to regard this week as a milestone in the settlers' reaction and activity. The murder of Mizrahi occurred on Friday. In Beyt-El they were preparing for Shabbat. Some embittered persons called out on one of the streets: "They are being murdered outside, and here we are continuing to prepare the tcholent?"

Most of them left the tcholent, went out to the road, and left it at the beginning of the Shabbat. Maas did not go out to the roads, did not participate in the burning of Arab automobiles. She condemns any action that harms innocent persons, but it is easy for her to understand those who did go out. This time, the murder was actually in the backyard, against the background of a political agreement that engenders apprehension in the hearts of the settlers that in two or three months there will be no one to protect them from the recurrence of similar incidents, aside from the Palestinian police. And all this against the background of the release of prisoners, which reminded all of the residents of the territories of the Jibril deal.

Not a few commentators—after the fact—viewed that deal as one of the direct reasons for the outbreak of the intifadah. Maas has a painful feeling that she has already seen that film, but now the feeling of distress is greater. It may be that going out together to the road, on all of the roads in Samaria this week, was an attempt to feel togetherness. For the distress is linked to a feeling of solitude. If previously the settlers felt that they were the national avant-garde—since the establishment of the government, and especially since the signing of the agreement with the PLO, most of them have the feeling that the public that had seemed to have been standing behind them has abandoned them, and that the elected government is doing everything it can in order to defame them and to present them as an obstacle on the road to peace.

For the moment, it is easier for the settlers to vent their rage at Rabin and Shavas. The thought that not only Rabin is not with them, but also the majority of the public, is more threatening. Perhaps it was not with them also earlier? Rabin's unfortunate comparison of the opponents of the peace from the settlements to the Hamas murder squads was especially painful, and, according to Maas, what was mainly painful was the fact that too few voices were heard in opposition. That was boiling oil on the fire of rage that followed the murder of Mizrahi.

Maas says—she is certainly not saying this only to me—that she wants peace much more than Uri Avneri, for example. Look, she has already brought six children into the world, in contrast to him, and it would be inconceivable that she would not want for them a life of peace and tranquillity. But it is too easy to argue with Avneri. The events of recent months lead her and her comrades to a deep introspection. It is not lacking self-flagellation in the wake of the alienation between them and "the people" that is taking shape. On the other hand, she no longer has the strength to talk about it, they talk about it so much at home and in other homes, and on the other hand—it is necessary to speak in order to reopen the dialogue with me and with the people.

Despite the Sisyphean frustration, she is now acting to organize home discussion circles in the settlements and on the other side of the Green Line. An effort is being made to encourage people to come and visit, in order to show them how bad and dangerous is the agreement that was signed with the PLO and also in order to show "that we are brothers."

When I ask Maas what is this pampering, after all, I and those like me also were dissatisfied in the days of the Shamir government, we bit our lips when the government established facts in the territories that were contradictory to our positions, and now it is their turn to accept the decision of the majority—confronted with this statement, she expresses a commitment to democracy, but it turns out that with her the problem is more difficult. She



is really convinced that we are in a process of redemption, that her comrades in the settlements are its spearhead. This is a little more complex than just being a member of a democratic society.

"One of our mistakes was that we established a timetable for the process of redemption," she says, "and we erred when we did not pay attention that we were becoming cut off from the rest of the public. The link with the people is no less important than the link with the land."

But she now is wondering what really is the source of this link, she is afraid of discovering that it is perhaps weaker than it seems to her. It is clear to her that violent incidents, such as occurred on the roads in the past week, will not help in creating a link: "It will spoil things for us and it will mess us up." A broad explanatory effort now seems vital to her. "When a painful operation such as what is planned here is performed, I want at least to hear the shout 'ouch' from every direction. It is a natural instinct of the body."

The absence of the shout makes it clear to her, apparently, that only she is hurting, and that offends her. But perhaps, she thinks aloud, and it frightens her to think this, perhaps this means that the body to which she belongs has lost what seems to her to be an existential instinct?

It may be convenient for the settlers to talk among themselves about the link between themselves and the people than about the link between themselves and the government, not only because in that way they are shifting the problem beyond the problematic political plane.

Also, even if only for the purpose of the internal self-image, a broad and deeper plane is necessary, after all, in order to justify their activity and their existence. After years of relative plenty and involvement in material things—in budgets, in housing units—they are again dealing with the spirit, with "the roots of the Jewish people," a more exhilarating labor, which allows the wheels of the mind to work and sharpens formulations. But this necessity also raises the need for spiritual leadership, the absence of which had been apparent already for a long time.

Dov Kalmanovitz of Bet El admits this. Historically, he says, the beginnings of Gush Emmunim were in a spiritual movement. The generation of the founders, the pupils of Rabbi Kook, were figures who combined an ability to act with a certain spiritual authority. Rabbi Menahem Felix is an example of that, to a certain degree even Levinger. Since Begin's rise to power and, with him, the fulfillment of the promise that "tens more Alon Morehs" would be established, the men of action took center stage—men who know how to bring a generator, to move a house trailer, to organize a demonstration, and to use a budget wisely. Beni Katzover, Zambish, the present secretary of the Judea and Samaria Council Uri Uri'el, others. These figures are still in the field, still in

key positions, but in an ideological public there is a yearning for a deeper answer to the existential problems that the settlers face.

It is not an accident that the signing of the agreement with the PLO left the settler public with its mouth gaping in amazement. They found it difficult both to digest the surprise and to clarify for themselves the long-term implications and their impact on their present place in society. The spiritual leaders certainly exist, says Kalmanovitz, perhaps they still have insufficient exposure.

Kalmanovitz himself became a public figure. He was injured by an incendiary bottle that was thrown at him in January 1988, his face was disfigured, he had to undergo a series of extremely painful operations and treatments. His being a victim of the intifadah naturally made him a symbolic spokesman. He is an accountant by profession, takes care not to receive a salary from any public entity, is careful not to be a representative of any such body, keeps all the doors open for himself—Rabin's, Bibi's, and Motta Gur's—who was appointed to the job of the "good guy" of the present government, who will stroke the egos of the settlers while Fu'ad and Beygehe close the faucet.

At the Madrid Conference I met Kalmanovitz as representative of the "Committee of Terror Victims." Recently, he has been interviewed often on the electronic media, condemning the agreement. Kalmanovitz, for example, was not on the road in Bet El at the weekend, even though he is a resident of the place. Damaging the property of innocent persons and causing bodily harm are not acceptable to him, but, on the other hand, it is not in the least bad if emotions are expressed in the street. If there are emotions—it is preferable that they be released. The escalation, he says, causes more dangerous phenomena, such as that of the underground.

The Judea and Samaria Council, which rode the wave of spontaneous demonstrations in a terrible way this week, is, in his opinion, an establishment for show, for whose election in an orderly manner the time has perhaps finally come, but it is not a leadership in the deeper sense.

He will not direct a request to the Judea and Samaria Council for advice on how to act. He will turn to a rabbi. To whom? To the rabbi of his settlement, Rabbi Zalman Melamed, or to Rabbi Yehuda 'Amital, one of the heads of "Meymad," with whom he studied in his youth. It is possible that this spiritual tension—between 'Amital and Melamed—is the range on which the religious public in the settlements is moving for the moment.

Rabbi Zalman Melamed, a man in his fifties, avoids all contact with the media. His wife politely answers telephone calls to his home and explains that the rabbi does not speak with journalists. Not that the rabbi has no regard for transmitting messages to the broader public. Melamed is the initiator and the moving spirit behind the establishment of Channel 7, the settlers' radio station. His operations officer is Ya'aqov Katz, Katzele, a



cripple from the Yom Kippur war, a charismatic and very active man, formerly the assistant of Ari'el Sharon, minister for settlement affairs. Katzele's battalion commander in regular service, also a former assistant of Sharon, Brig. Gen (Res.) Amatzia Hen, was one of the signers of the petition calling on IDF [Israel Defense Forces] soldiers to refuse an order to evacuate the Jewish settlements.

In Bet El B, Rabbi Melamed maintains around himself a circle of faithful pupils, quite tough ones. Rabbi Shlomo Aviner, the head of the "Ateret Kohanim" Yeshiva in the Jewish Quarter, who serves as the rabbi of Bet El A, runs another circle. Both of them are considered leading spiritual figures. Spiritual figures who provide direction from the other side of the Green Line are Rabbi Moshe Tzvi Nirya, the head of the B'ney 'Akiva yeshivas, and Rabbi Avraham Shapira of Merkaz Harav, formerly the chief rabbi.

The center of the ferment is now in Bet El. To be precise—in Bet El B. Bet El B is a younger settlement than Bet El A, more orthodox. It will be difficult for you to find there a woman without a head covering. If in the past the ideological center of the settlers was in 'Ofra—outstanding figures such as Uri Elitzur, Yisra'el Har'el, Rabbi Yo'el Ben-Nun, and others—it seems that Bet El, more militant and less pluralistic, is now setting the tone. The murdered Mizrahi was a resident of Bet El B. Perhaps that is also the reason for the strength of the outburst on the road at the weekend. The "Committee of the Judea and Samaria Rabbis," an entity that has been active during the last three years in directing the settlers, also is based in Bet El B.

It should be noted that there is great inaccuracy in the lumping of the settlers into one mass. Demographic and geographic differences make the difference. The settlements of the Hebron heights, Qiryat Arba and the Beyt Hadassah area in Hebron are more militant than the settlements of the [Jordan] Valley. And these differ from the more open and pluralistic city of 'Ofra, which is near Bethlehem, which is different from the 'Etzyon Bloc—a mixture of community villages and qibbutzim in the old style—whose residents feel closer to the members of the historic labor movement than to the extreme born-again Jews in Tapu'ah and Yitzhar in Samaria. And these are different from the urbanites who arrived in Ari'el and Alfey Menashe, five minutes from Kfar Saba, mainly because of the improved housing conditions and not an improved ideology.

Miri Maas, and not only she, complains about the generalization inherent in the term "settlers," which does a disservice to all of them. "In the eyes of the public on the other side of the Green Line, they created for us an image of a cave-dwelling tribe," she says. From another direction, there is a desire to maintain individual uniqueness, not to come under the one-dimensional definition, but on the other hand, there is now a need to crystallize a uniform front, that will withstand the worst scenarios, which most of the settlers

see in their imaginations. On this point, Yitzhaq Rabin comes to their assistance. His comparison of the members of the Hamas [Islamic Resistance Movement] to the enemies of the peace created the glue that had been sorely lacking.

Rabin's glue connects many hues. Me'ir Kraus, the head of the yeshiva in 'Ofra, Uri Shani, a physician from Alon-Shvut, and Moti Sheqler, an educator from 'Ofra, established recently the "Sky-Blue" circle. The idea is pragmatic—an agreement with the PLO has already been signed, now action must be taken in order to prevent the dangers that it holds. Their idea is to act on public opinion in order to establish Israeli sovereignty on the bloc of Jewish settlements in Judea and Samaria. There have a permanent dialogue with the members of "The Second Avenue" circle—most of them secularists, from the universities and the settlements, who support the idea of the imposition of Jewish sovereignty on the hills and in the Jordan Valley in order to create continuous settlement.

From the viewpoint of the members of the "Sky-Blue" circle, it is preferable that the largest number of persons come to Samaria so that Dudik Rottenberg or Dubi Helman of "The Second Avenue" will explain to them the security dangers. When I asked Sheqler who, in his opinion, was behind the activities of the settlers on the roads of Judea and Samaria at the beginning of the week, he said that in his opinion the reference is to spontaneous activity. That spontaneously reminded him of the last days of his father of blessed memory. Even though it was clear that the father would die, he ran around with him among all the possible specialists in Israel. "People here apparently are propelled by the feeling that they should at least do whatever is possible in order to prevent the decree."

This tragic example perhaps symbolizes more than anything else his mood and that of his comrades. The decree is peeping from beyond the door. Sheqler is one of those who are already saying that if the government decides to evacuate them from the territories, they will obey.

Rabbi Beni Alon from Beyt El, the head of the "Orot" military yeshiva, which is in East Jerusalem, is in a different position. He is already announcing now that come what may, he is remaining in the field, even under Palestinian sovereignty. Therefore, he views the violent events near Beyt-El at the beginning of the week on a different background: all in all, an attempt to give a message to the neighbors. If the rules of the jungle are customary in the region, we will work according to the local laws, and until the mukhtar from the opposite [village] arrives to conduct a sulha with the mukhtar of Beyt-El, the tension will remain.

The Palestinians' attacks are not an accident. It reminds me of Lebanon. The government made decisions, but the car bombs spurred them to action. That, in my opinion, is the essence of the car bomb that exploded this week near Shiloh, and it was certainly not the last. The settlers

in Judea and Samaria must show their neighbors, so he says, that even if the government abandons them, and that is apparently what it is doing, they are not pulling out, and will defend themselves. He is very cautious in his speech. I will not catch him justifying or inciting to a criminal act, but the position is clear. I meet Alon in his yeshiva on the day on which it became known that Teddy Qolleq lost Jerusalem. Alon does not hide his joy, he still does not believe that it is happening. He had long conflicts with "the old one" on the background of Alon's involvement in the purchase of lands and assets for Jewish settlement in East Jerusalem. Now Qolleq is going home, and Alon sits in his yeshiva not far from the home of Feysal Huseyni.

One glimmer of light from his viewpoint is the involvement of the ultra-orthodox in handing over the rule in Jerusalem to Ehud Olmert. Up to now, it had seemed that the last messenger for the ultra-orthodox was holy time and the activity of the missionaries. Now it becomes clear that Eretz Yisra'el also is important to them, and that encourages Alon and his comrades to open a renewed dialogue with them.

"Until now, we were a kind of strange bird. Religious, Zionists, also trying to maintain a link with the Hassids of the Admor and also with the schmutznikim. It seems to me, he says, that they did not give enough of a chance to the link with the ultra-orthodox. We will now try to correct this distortion."

Alon himself, the ultra-orthodox goes via "the great one" — the rabbis and the heads of the big yeshivas, but also by means of music. Not long ago, the esteemed singer Mordechai Ben-David performed at his yeshiva. Many ultra-orthodox yeshiva students came to hear him, and they continue to visit. Alon seeks a connection with the ultra-orthodox because he has begun to doubt the common Jewish basis that he has with the generation of MTV. [preceding word in English]. By the way, the breaking point for him was, according to him, when it became clear to him that the Rabin minority government was ready to join with non-Jews in order to determine the fate of the Jewish state. And his worst-case scenario says that the next stage is an attempt to abrogate the Law of Return and to offset it with the Palestinians' right of return.

MS [member of Knesset] Ron Nahman does not ask his rabbi, Elie Sheqler, who asks Rabbi Yo'el Ben-Nun whether it is permissible for him to be interviewed for a television program that will be aired on Shabbat eve. It is almost certain that we will not catch him debating torah questions with Rabbi Beny Alon. But for Ron Nahman there is no question at all of what is common and uniting. What is common is that all of them belong to Judea and Samaria, and that their representative body is the Judea and Samaria Council, of which he is a member.

In his opinion, the events of the past week stemmed among other things from the fact that in the previous

month, after the July-August vacation, the residents began to feel the "drying up" of Fu'ad and Beygeh. The nursery school costs more, unemployment is rising, it is no wonder that the incident of the murder gets them all out on the road.

The Judea and Samaria Council took a good ride on those events. In his opinion, its most significant achievement was precisely the "cease firing" that it demonstrated. At its will it can block, at its will it can permit. Now he, as chairman of the information committee of the Judea and Samaria Council, plans a series of "confidence-building measures" among the settlers and those who sit on the Green Line. For example, the settlers will take care to enforce the closure. For example, other things, which we will yet hear about.

The field is awakening, and the elections in Jerusalem are a striking example. Now begins the process, says Ron Nahman. All of the branches of the parties of the Right have shown activities and achievements in recent months, the organizational framework woke up, now it is only seeking a target to bring down the government. Expect a hit in the elections to the Histadrut that will be held in May, expect a serious struggle over the demand to move the elections up. The system is already ready for action. The settlers of Judea and Samaria will give it the reason to act.

#### Report on Economic Competitiveness Questioned

94AA0013A Tel Aviv YEDI'OT AHARONOT (Financial Supplement) in Hebrew 12 Oct 93 p 2-3, 14

[Article by Sever Plotzger]

[Text] In last Friday's YEDI'OT AHARONOT, I quoted a really good, encouraging report. According to that report, a comprehensive economic study carried out by the Union Bank of Switzerland has determined that Israel's competitive economy will rise to third place in the world in the near future. We will be among the leaders of the world's economy, more competitive than dozens of stronger and more developed countries. Only the Koreans and Chinese will be doing better.

The Israeli economy, the Cinderella of the Western world, is about to become the belle of the ball.

Publication of this short report has aroused many requests for additional details about the study, its methods, and findings. And so, here are the main points of the study that was published about two weeks ago in the article "Competition Between States" in the Union Bank of Switzerland's journal, "International Finance," (Zurich: Fall 1993).

But the report has aroused not only many requests for more details, but also quite a bit of astonishment. "What? We are competitive? We are efficient? Are you kidding? Everyone knows (they cannot tell us stories!), that our economy is petrified and conservative, and ruled by large corporations and suffocating pressure

groups. "No economic study is going to convince me," one annoyed reader told me, "that the Israeli economy, where the bureaucrat is king, is going to be more competitive than the American economy, where everyone does what he wants to do."

The ones not surprised were mainly the professional economists in Israel, who have been telling the public for more than two years now, that Israel is an economic success story that has not yet won the recognition it deserves in the world. "The foundations of the Israeli economy are strong and healthy, and can support a leap forward," the professors and Ph.D.s in economics, who have always been considered harbingers of bad news and prophets of doom, have been telling us lately.

And now it is coming. After the positive reports on the Israeli economy by the IMF and by three well-known American investment companies (Salomon Brothers, Bear Stearns, and Standard and Poor's), Switzerland's largest bank has discovered our hidden beauty. "The Israeli economy, which a short time ago was described in foreign business newspapers as an outstanding fortress of state socialism that depressed initiative and heaped up obstacles, has made it to the finals in the contest for "Miss World Competition."

#### Is This Serious?

Yes, it is very serious.

The Union Bank of Switzerland, the bank that has made the Israeli economy a star, has a department for economic research that is known for its thoroughness and innovativeness. It carries out many comparative economic studies, which have won international attention. For many years, this department has been publishing a multinational comparison of price and wage levels in dozens of cities around the world, employing hundreds of interviewers and data processors, statisticians, and economists to produce it. Tel Aviv was also included in this survey, which was just about the only source for examining relative living standards in various countries equally. The bank's economics department has turned to other topics now.

And the most exciting and talked-about topic in economics—both practical and theoretical—is competitiveness. The capacity to compete is now the key to economic paradise both for a business and for an economy, and to it the researchers at the Union Bank of Switzerland have dedicated their efforts.

The concept of "competitiveness" is complicated and difficult to measure. Let us start with the question: how does a business's ability to compete express itself?

A business firm is competitive when it succeeds in overcoming its competitors, selling its goods and services at a significant profit, expanding, investing, and giving its investors a good return.

How is such business competitiveness achieved? What is the right "competitive strategy"? Dozens of books and hundreds of articles have already been dedicated to these questions. But the problem becomes a million times more complicated when we move from the competitive capacity of a business to the competitive capacity of a nation, of a national economy.

How do we define the "competitiveness" of an economy?

The economists at the Swiss bank used the same definition that was also used last year—in various versions—by the economists of the World Economic Forum, which meets every winter in the Swiss village of Davos; by the American Competitiveness Council; and by a number of economists who have been researching the subject at Harvard, MIT, and Chicago. According to this definition, the "competitive capacity" of any state is the ability to flourish, grow, and give its people a living standard that steadily rises in an open and competitive economic world.

What stands behind these fine words?

Behind them stands an approach that says that a state cannot give its people economic prosperity unless it can compete in international markets. An economy whose business units do not create goods and services that can compete in the world, is doomed to standstill and retreat, and it is not important what natural resources it has or how large its population is. Accordingly, "competitiveness" is not just some index that economists have invented to justify their paychecks; it will be a central component in national economic life in the future.

How is "competitiveness" measured?

The economists of the Union Bank of Switzerland have developed four indices of competitiveness. One pair of indices reflects the present competitive capacity of the economy, and the second pair, its future competitive capacity—which, of course, is more interesting than its present one.

Present competitive capacity is measured by combining of "existing resources" with "efficiency." Future competitive capacity is measured by combining "growth of resources" with "momentum."

What does combining "'existing resources' with 'efficiency'" mean?

According to the economists of the Swiss Bank, the national resources, which are decisive in determining the competitive capacity of a national economy are physical capital reserves; machines and equipment; educational capital reserves, i.e., the number of years of education per person; the health of the population; and the quality of communications and transportation. The one with most of these things, will be the most competitive. But it is not enough to have the resources. You must also know how to use them efficiently. Very efficient economies, of course, achieve a level of production per person, which is



much higher than the amount of resources at its disposal. Just as a very competitive business achieves profits much higher than usually expected. The relation between "expected" production and actual production is the index of efficiency. The existing resource base and efficiency of its use together determine the place of a national economy on the world competitiveness scale.

#### And Who Is in First Place?

The United States is in first place on the present world competitiveness scale: the American economy has both amassed strong reserves, and used them efficiently. In second place is Switzerland; in third place, Japan; in fourth place, Germany. Israel is in 20th place, which is also not at all bad—two places behind Great Britain, ahead of Spain and South Korea.

But the present ranking reflects the past, and the future is what arouses curiosity. It is what attracts foreign investors and multinational companies to the country.

#### How is future competitiveness measured?

In the Union Bank of Switzerland, as we mentioned, they used two indices for this. First the economists asked themselves what most ensures expansion of existing resources? Investments, of course. Therefore, the first index of future competitive capacity is the investment in machinery and equipment, education and training, research and development, public health, and infrastructure. The more a country invests in these, the more competitive it will be in the future.

But that in itself is not enough—again the question arises of future efficiency in the use of these investments, in their utilization. What ensures that the investments will bear fruit as hoped? In order to answer this question the economists at the Union Bank of Switzerland have developed an index that they call "momentum in efficiency." They look closely at the pace at which production, labor productivity, and industrial production and exports in each country have grown in recent years, and examine whether this pace can continue in the future or even accelerate further. The greater the expected acceleration in economic efficiency, the greater the future competitive capacity.

Investment in resources and acceleration of efficiency—these are the two components of future competitiveness. The economists at the Union Bank of Switzerland have found econometric methods of measuring them and processing the results on their computers.

#### And what do these results say?

The economies that will lead the world league in economic competitiveness in the future—in the another five years, and beyond—are those that are "investing today in infrastructure, research and development, carrying out structural reforms and encouraging growth and exports." In first place on the international competitiveness scale will be South Korea—a

country that sets aside about 40 percent of its national product to investments, and whose efficiency in the use of its resources is rising at an extremely fast pace. In second place, as expected, is China. In third place—and so unexpected—Israel. Israel's high standing, according to the Union Bank of Switzerland's economists (and apparently, they also were surprised at this finding) stems first and foremost from its massive investments in education, infrastructure, research and development, and from the expected acceleration in the overall economic efficiency of the Israeli economy.

And it is important to remember all this was before the agreement with the Palestinians, and depended on Israeli statistical data, which only partially succeeded in reflecting the effects of the 1991-1993 economic policies and the wave of immigration. Adding this data would have even further improved the potential of the Israeli economy, and it is not impossible that we could find ourselves in second place in competitive capacity in the world of the future.

#### And Who Is Below Israel?

On the scale of future world competitive capacity, Japan is in just fifth place, Sweden in 10th, Germany in 18th, and the United States behind it, in 19th place. Switzerland, to the regret of the economists of the Union Bank of Switzerland, goes down from second place in the present competitiveness ranking, to 30th (!) in the future rankings. What an embarrassment!

This game of rankings does inflate our national ego, the pride of the unit, but does it also have any real significance for the average citizen of Israel?

Absolutely! And even many kinds of significance.

We should not underestimate the fact that prestigious international research is placing Israel, in the near future, in the triumvirate of openers in the world economy. That makes us one of the three states—according to Union Bank of Switzerland—which will be the leaders in the future. This has tremendous importance for our ability to attract foreign investors, obtain inexpensive credit abroad, and be a focal point for multinational companies.

The future competitive capacity of a national economy determines the living standard of its residents, just as the competitive capacity of a business determines the wage level of its employees. Here there are no tricks: he who loses the race for competitiveness, also loses economic prosperity. And we are likely to be among the winners. Israel's living standard could double in the next dozen years.

No economic study, and no econometric model, can ensure that its forecasts will come true. What the calm, cool Swiss are saying to us is that we have it in our power to conquer markets, sell goods and services, overcome competitors, and accelerate growth. We have it in our power, but we are also liable to miss the opportunity and

waste time. Israel not only has the opportunity to be at the top of the world economy, but it already has even now, in 1993, everything it needs to climb very quickly, with dizzying speed, to the top. It has "broad social agreement for a market economy"; it has "exceptionally strong growth in resources"; it has "acceleration in efficiency of production"; it has "a dynamic of growth." Beyond this, the Israeli success, unlike the Chinese, is not dependent on a cheap work force, but rather precisely on an expensive work force. In other words, this is not just a passing phenomenon.

We have been given the opportunity and the rest depends on us.

### **Economic Growth, 1994 Budget Reported**

94AA0015B Tel Aviv YEDI'OT AHARONOT (Financial Supplement) in Hebrew 26 Oct 93 p 2

[Article by Eren Klein]

[Text] The state budget for the year 1994 will total 133 billion shekels. The rate of growth of the product (this year 3.5 percent), will increase to 5.3 percent, and the rate of unemployment will decrease by the end of the year to a rate of 9 percent. This arises from the budget proposal, which Finance Minister Avraham Shohat placed on the Knesset table.

The rate of growth in the business sector will be even higher, and will reach 6.3 percent. Exports will continue to increase, and according to the national budget, this refers to a rate of 9 percent, in comparison to about 10 percent this year. The forecast rate of inflation will reach 8 percent.

In the center of the budget next year is an increase in the extent of investments in the infrastructure and in education, while decreasing income tax in the framework on the first phase of tax reform, which was authorized a few months ago. The government's domestic deficit (the gap between government expenditures and its regular income), without giving credit, will decrease to a level of 3 percent of the domestic product—7.6 billion shekels (in comparison to a deficit at the rate of 3.2 percent this year). Also, dozens of proposals for structural changes are being brought to the Knesset, of which the purposes are to increase competition in the economy, to make prices cheaper, and to create new sources of employment.

The number of new work places that will be added to the economy next year will reach 76,000. The number of new workers joining the work cycle will total only 69,000. The result—a reduction in unemployment.

About one-third of the state budget—more than 40 billion shekels—will be turned over to repay debts. Of the budget, 17.4 percent is designated to cover defense expenditures. The budget that will be turned over for social services—national insurance, education, work and relief, higher education, and more—will reach an overall

sum of 43.6 billion shekels. The educational system's budget, which increased this year, will continue to increase next year as well, beyond 10 billion shekels. For the absorption of immigrants, there will be an overall budget of 11 billion shekels.

The budgets for investment in the infrastructure will increase. Next year, 1.8 billion shekels will be invested in Israel's roadways. In all, investment in the physical infrastructure—which also includes developmental work in the areas of water and sewage—grew by 15 percent. In the next three years, investments in the infrastructure, including investments made by elements outside of the government—such as Bezeq and Hevrat Hashmal—will reach the splendid sum of 25 billion shekels and more.

Government income from taxes in 1994 will reach 70 billion shekels—growth of 7 percent in comparison to the current year. The increase in income will enable a reduction in taxes for individuals and corporations. Corporate tax will be reduced from 38 percent to 37 percent, and the individual income tax will be reduced by a rate that will result in the increase of several dozen shekels per month in the net pay.

Tax relief, which will be given this year to encourage capital investments and other subjects, will reach the sum of 8.9 billion shekels. The tax that was supposed to be collected at the stock exchange, on the assumption that it would rise by a real 5 percent, stands at the sum of a billion and a half shekels.

The first call for the budget vote will take place tomorrow or the day after. The SHAS [Torah Observing Sephardim] movement's support for the budget will guarantee its approval. On the way to approving the budget, on the second or third call, the Finance Minister will have to give up certain clauses in order to prevent opposition during the main call.

[Box, p 2]

### **The 'Change in Preferences' Got Stuck on the Way**

Anyone who looks at the colored graphs that the Finance Ministry presents, anyone who reads the pleasing forecasts that he is issuing, in collaboration with Bank Yisra'el and the Economic Ministry, anyone who listens to the finance minister's budget speech, might think that the State of Israel is situated very near to the Garden of Eden.

In an international comparison, such thoughts have a good basis. When the Western countries are situated with even higher unemployment than ours—but, without the Israeli population increase; when, there, a 1.5-percent increase in the product is considered "growth," and with us, moderate; when, there, they think about how to reduce the government deficit to 6 percent, and we do half of this without a problem; with this comparison, they are in deep mud—and we, how should I say it—are on the right path.

If only it were not for a few economic corks, all of them of our finest handiwork, that the new budget deals with only slightly. The computer creation—which politicians last year called “a change in the order of preferences”—was halted little more than a year after the establishment of the new government.

- **Inflation.** A 10-percent annual rise in prices is not reasonable. Our masters promised to lower it this year and failed. It could be that inflation will decrease next year. Evidence of planning in this direction is not to be found in the declared policies.
- **Investments.** Investments in the budget constitute 4 percent of the total expenditure. This is double what it was two to three years ago. This is a ridiculous number, if the economic injustice, that this government has inherited from its predecessor, is examined.
- **Education.** Eighty percent of the reserves supplement for education went for teachers' salaries. The students will see, if they see at all, minute supplements. The budget shows that, for this issue, there is no money.
- **The Arabs.** This year, the government is saving more than a billion shekels from the closing of the “kibbutz arrangement.” How many kibbutzniks are there in Israel and how many Arab citizens? A comparison of rights for Arabs can be found, except for a few cents, in an additional freeze.
- **The Poor.** The poverty line is getting closer, albeit slowly, to the explosion line. The income gaps in Israel are among the worst in the developed world. Shohat boasts of returning childrens' allowances to all. We are crying because the rich do not pay a tax on this gift.

Anyone who is interested in the esoteric question of where the money will come from is invited to glance at the calculation that Eren Klein brings in this supplement. As a result of the redeeming decision to save the stock exchange by means of abstaining from collecting tax, the treasury fund was “saved” an income of 7 billion shekels. If the stock exchange goes up next year by a real 15 percent, an additional sum of 4.5 billion shekels will be “saved.” Billions of shekels in tax relief are going around, and the government refuses to collect it. [end box]

[Box, p 2]

#### **Immigration Has ‘Dried Up’; Unemployment Has Been Reduced**

If an unexpected wave of immigration does not break out, the rate of unemployment in Israel, at the end of 1994, will return to the situation that there was in 1988, before the big wave of immigration began.

Employment and unemployment are delicate things, and the people in the Treasury prepared their homework well. In the explanatory words to the new budget, they prove, through charts and graphs, that in 1993, a real turning point began in the direction of unemployment. The picture of employment today is much better than the forecasts, which came out at the beginning of the year.

The 1994 budget heralds a continuation of improvement in the area of employment and an additional decline in the rate of unemployment, albeit at a slower rate. The economy is growing and supplying places of employment. But, more than economy is growing—immigration has “dried up.”

The immigrants, who arrived during the past five years, are slowly becoming integrated into the work cycle in Israel. Eighty-three percent of them are working, and only 17 percent are unemployed. A year ago, 28.6 percent were unemployed, and, two years ago, 38.5 percent. Among immigrants who have been in Israel for more than three years—the rate of unemployment is almost equal to the national average—10 percent.

In the Treasury, they speak of 1993 as a turning point in employment: The unemployment curve declined to a rate of 10.2 percent and is expected to decline to 9.4 percent in 1994. This year is the first in seven years that the economy created more places of employment than the number of new additions to the work force. This is the reason for the decline in the number of unemployed by 12,000. According to this forecast, in 1994, the number of unemployed will decline by another 7,000. [end box]

#### **Agreement Arouses Concern Over Tariffs Versus Free Trade**

94AA0013B Tel Aviv YEDI'IT AHARONOT (Financial Supplement) in Hebrew 27 Oct 93 p 6-7

[Article by Gid'on 'Asaf]

[Text] Whoever thought that the autonomy agreement was almost closed, was wrong; whoever thought that problems, if they surfaced, would be about the extent of the IDF's [Israel Defense Forces] withdrawal from Gaza and Jericho, can “rest at ease.” There is a major economic dispute going on between us as well.

Lately the dimensions of the dispute have become clear. In economic terms, the dispute can be put like this: the Israeli Government wants a “customs union”; the Palestinians want “free trade.” There is an abyss between the two conceptions, and bridging it will not be an easy task for those handling the negotiations.

#### **What Is a ‘Customs Union?’**

First, it turns out, the position of the government is not at all the government's position. To this day, there has been no debate on the subject. The Ministry of Finance never presented the government with any alternatives; the ministers never expressed their opinions. All that did happen was that Finance appointed a public commission, headed by Prof. Hayim Ben Shazar. The commission presented its findings; the director general of the Finance Ministry examined and confirmed them. The finance minister considers the recommendations correct. This is how our customs union was born.



A customs union is what exists today in the European Common Market. Someone who imports goods through a German port, pays the same duty as someone who imports the same goods through an Italian port. From the moment the goods are released from any customs office, they move freely within the borders of the common market. It is true that the rest of the indirect taxes—for example, value-added tax [VAT] and fuel tax—are not completely equal, but the differences are not great.

In a customs union, there is usually a distribution of tariffs. That is, tariff receipts are divided according to a formula known to all the countries participating in the agreement.

We should note that a customs union allows for each country to have a currency of its own. The Ben Shazar commission was divided on this subject. Their method would have had the autonomy use both the Jordanian dinar and the Israeli shekel. The recommendation left the authority to decide this question in the hands of the Palestinians. The currency problem, which during the Likud's time was considered a stumblingblock for the agreement, has evaporated from the economic agenda.

"Free trade" is what exists today both between Israel and the Common Market, and Israel and the United States. A free trade agreement usually says that goods can move without tariffs. In the agreement between Israel and the Market, there are limitations on agricultural goods. In a free trade agreement, there are no limits on other, indirect taxes. Israel's fuel tax, for instance, is much lower than the equivalent tax in the Common Market. A free trade agreement, therefore, is less obligating than a customs union. In other words: every customs union is also a free trade agreement. The opposite, though, is not true.

#### The Agricultural Dispute

In both the Israeli and the Palestinian conceptions, there is one especially painful problem—the trade in agricultural goods.

A Ministry of Agriculture team that studied the ramifications of the autonomy agreement, determined that a transition period is needed before trade can become free. Today, the situation is this: Israeli agricultural products are sold freely in the autonomous territories. Agricultural products from the autonomy cannot be sold in Israel. Our farmers worry that mutual, equal trade will flood Israel with Palestinian products. The concern exists mainly in the vegetable and poultry sectors.

A transition period would mean that at least in the beginning, there would not be free trade. Dr. Samir 'Abd'alla, one of the heads of the Palestinian delegation, has already announced that if agricultural products do not move freely, other products will also not be able to move freely. "You want to protect your farmers. We

want to protect our industry," explained 'Abda'lla. If so, free trade in agriculture will likely be the first obstacle in the economic negotiations.

#### The Jordanian Dispute

The second obstacle is the matter of the customs union. Dr. 'Abd'alla: "We see our economic future mainly in economic ties to Jordan and the Arab countries." Setting up a customs union between Israel and the Palestinian autonomy would mean putting up a tariff wall between the autonomy and Jordan. From the autonomy's point of view, that would certainly be out of the question.

At first sight, there is a solution for this: extending the customs union to include the autonomy, Israel, and Jordan. But this would be complicated, and even if it were possible to find an economic formula for a tripartite customs union, it seems that it would be impossible from a political point of view. The Jordanians apparently have no intention of carrying out normalization with us as long as the dispute with the Syrians has still not been solved.

#### The Smuggling Phenomenon

Israel is concerned that in the absence of uniformity of indirect taxes, the smuggling phenomenon will grow. If, for example, in the autonomy there is a fuel tax of 100 percent, and in Israel, 40 percent, every driver from the autonomy will fill his gas tank in Israel.

#### Economic Disagreements: Summary

TOPIC	ISRAEL	PALESTINIANS
Tariff equality	for	against
Income tax equality	not necessary	not necessary
Uniform sales tax	necessary	not desirable
Economic border	necessary	not necessary
Industrial free trade	desirable	desirable
Agricultural free trade	limited	unlimited
Use of the dinar	desirable	desirable
Use of the Shekel	desirable	possible
Independent currency	not desirable, but possible	possible

If sales tax on a television in Israel is 80 percent, and in the autonomy only 10 percent, all the Israelis will be running to Ram'alla to buy their TV sets. To prevent TV smuggling, it will be necessary to set up a border with inspectors and tariff officers.

Dr. 'Abda'lla is aware of this possibility, which exists only according to the Palestinian conception. He believes that on several sensitive products, the independent Palestinian administration will agree to set sales taxes at similar levels. But this is limited to special products with high tax. Certainly not for all products.

### Cutting Down the Bureaucracy?

Israel argues that a customs union, in contrast to free trade, would cut down bureaucracy. Under free trade—with the many possible kinds of indirect taxation—it would be necessary to set up a border. In light of the many avenues of contact between the two regions, there would have to be a serious fence and many transit stations.

The Palestinians are not upset. From their viewpoint, an economic border would have a meaningful political aspect. In addition, their unemployment is so great that giving hundreds or thousands of people jobs as customs officers does not seem an impassible obstacle. From the point of view of unemployment, Israel, too, has no reason to be upset.

But Israel is playing down the bureaucratic implications of customs union. There are two main problems. First, VAT invoices, issued in the autonomy and redeemed in Israel. This happens today too, but today there are Israeli officials in the territories, who try to prevent manipulations and who cross check information. Under autonomy, when it arises, there will be no Israeli officials in Palestinian VAT offices, which will make it possible for them to do endless manipulations. To us, too.

Second, officials on both sides will have to work long hours in order to divide the tariffs between the two regions. Say the Palestinians build a port in Gaza, and make their tariff rate a quarter of the rate at the port at Ashdod. What will the importers do? Import their merchandise into Israel via Gaza Port. The tariff will be collected by the autonomy, though by rights it should go to Israel. The system of working out tariffs will be a constant source of dissension.

The Ben Shazar commission agreed that the Palestinians will be allowed to set a VAT rate differing by 5 percent from the Israeli rate. Suppose they agree and set a rate 5 percent lower. All the Israelis along the Green Line and in Jerusalem will run to buy in the autonomy. Because real-estate taxes and wages in the autonomy will both be lower, too—the blow to Israeli commerce, and to tax receipts here, will be hard.

Then, how does it work in Europe? The great difference between the Netherlands-Germany and Israel-Autonomy is in the fact that there the gaps in living standards and productivity are much smaller, and that therefore, they do not have price gaps that make shifting goods around really worthwhile. Here, the problem will be much more serious.

### What Is the Unified Tariff?

Israel has a weapon powerful enough to convince the Palestinian to agree to a customs union. Our weapon is a quota on the number of Palestinian workers allowed to work in Israel.

A third of the Palestinian national product has its source in work in Israel. The Palestinian economy and society

would be destroyed without work in Israel. Then say the Palestinians are reconciled to a customs union, under the pressure of "work in Israel" being slowed down—the question is "what are the unified tariff rates going to be."

There is a high probability that the economists of the autonomy will want to set relatively high tariffs. Why? Because the low income level will make collecting income tax at any meaningful rate difficult. The autonomy will suggest to us that we raise the tariff considerably. What should we do? If we refuse, Israel will be blamed for thwarting the autonomy. If we agree, we will turn the wheel of excess protectionism many years backwards.

### What Should Be Done?

From the Palestinian point of view, a customs union is seen—with considerable truth—as the continuation of the economic occupation. They want, at long last, to decide their own economic fate.

Even if our government economists are right when they argue that a customs union is the more "right" solution from an economic point of view, even if it is more elegant from a bureaucratic point of view—Israel has no serious reason to insist. And if the Palestinians want to set up a border, with tariffs and all the rest—it makes no difference to us.

[Box, p 6]

### No Write-Off of VAT Allowed

To avoid manipulation of the tax system within the customs union framework, Israel intends to rule that VAT invoices issued in the autonomy cannot be written off of Israeli VAT.

The government is concerned that an "industry of invoices" may develop in the autonomy, and interfere with the State's income from taxes. To prevent this, the Finance Ministry intends not to recognize VAT invoices from the autonomy for purposes of writing off of VAT by licensed business owners. The effect: The Israeli supplier of an Israeli manufacturer will have an advantage over a supplier from the autonomy.

To avoid harm to the VAT system in the autonomy, as a result of this step, Israel will suggest transferring an agreed-upon global sum from the State's account to the autonomy's account.

This will, perhaps, prevent manipulation of the VAT. But it still does not close off the possibility of much manipulation of purchase tax and tariffs. [end box]

[Box, p 7]

### First disclosure—The Common Market Proposes to Israel: Let Us Create a Free Trade Zone for 120 Million People

In a special document entitled, "The Cooperation Process Between the Mashriq (Egypt, Jordan, Lebanon,

Syria, and the territories) Countries and Israel," that the European Community commission sent to Foreign Minister Shim'on Peres, the European diplomats presented the following proposals:

"A free trade zone, covering all of the Mashriq countries and Israel, and including a population of 120 million, should be established within the next five to 10 years."

"The Common Market will be able to offer the Mashriq countries establishment of a free trade zone for industrial products, similar to the one it has with Israel."

"Until now, only 10 percent of the capital of the wealthy oil countries has been invested in the poorer Arab countries of the region."

"That should change with the advent of political stability and improvement of economic performance."

"It will not be worthwhile to lay railroad tracks joining the Persian Gulf countries with the Mashriq countries and Israel, but it will be worthwhile, from an economic point of view, to link Israel with the Mashriq countries, and to link the entire region with Europe, via Turkey. Such a network of roads and railroads can be completed by the year 2010."

"It will not be worthwhile for the Palestinians to spend billions of dollars to build airports and seaports. They should be allowed free access to the ports of Israel and Jordan."

"Connecting the electric power grids of the whole region makes economic sense."

"With a small investment of \$75 million, it will be possible and worthwhile to extend the Tapline oil pipeline from Saudi Arabia to Haifa harbor, and open it anew."

"The Egyptian gas pipeline will be extended to Israel and the territories. Later, natural gas will be carried to Israel and the territories from the Persian Gulf countries."

"It will be very desirable to establish a Near East authority to further tourism, including all the tourism bureaus of the region. The number of tourists visiting the Mashriq countries plus Israel could reach 10 million per year."

"The immediate solution to the problem of water distribution: for the Palestinian authorities to buy a capital stake in the Israeli water company, Mekorot, which would then extend its operations to Gaza and the West Bank, and sell water without discrimination, and on a business basis, to both Israelis and Palestinians."

## KUWAIT

### KIIC Chairman Views Jettisoning 'Excess Weight'

93AE0602C London AL-MAJALLAH in Arabic  
12 Sep 93 p 50

[Interview with KIIC (Kuwait International Investment Corporation) Chairman 'Adnan al-Bahr by Jasim al-Shimri in Kuwait; date not given: "Size of Our Investment is \$700 Million; We Expect Profits From First Year"—first three paragraphs are AL-MAJALLAH introduction]

[Text] The Kuwait International Investment Corporation (KIIC) was founded in the middle of last December with a capital of \$60 million under the chairmanship of the Kuwaiti economist 'Adnan al-Bahr. In an interview with AL-MAJALLAH, al-Bahr predicted that profits would be distributed to the corporation's shareholders beginning from the corporation's first year of operation.

In the interview al-Bahr discussed the corporation's method of operation and investment views. He also commented on the present state of the Kuwaiti economy in his capacity as a consultant to the Kuwaiti National Assembly's financial and economic committee. On this subject, al-Bahr said that the problem of the Kuwaiti economy lay in the luxury it enjoyed for so long. The time has come for Kuwait to jettison "excess weight" and unproductive agencies. He added that difficult days and trials build nations and that the official attitude in Kuwait now is to encourage the spirit of competition and free the market from restrictions and subsidy.

The following is the text of the interview.

[al-Shimri] How has KIIC's economic performance been during the past first half year of its life?

[al-Bahr] Profits from the first year are expected to be distributed to the shareholders. This will be possible during the coming year if the board of directors and general meeting make a decision in this regard. The administration of the Kuwait securities market has agreed to list KIIC's shares on the Kuwait stock exchange. Total funds managed by KIIC at the end of this year will range between \$700 million and \$800 million.

[al-Shimri] What are KIIC's areas of specialization?

[al-Bahr] KIIC is a corporation that specializes in two main categories: institutions, for the institutional investor, and the individual investor with a certain minimum. For the institutional investor we have insurance institutions, retirement funds, and Islamic charitable institutions. For individuals, the goal is to provide what are called special financial services for individual customers. The idea is to provide solutions and needs for the customer, along with international financial services like a local or international account; or we establish for



him the legal structure into which he can put his funds. We also handle international investment products. Next year we will establish a services unit or financial services institution overseas, perhaps in Geneva, to provide financial services to customers. It will involve the participation of an international financial institution. One of our activities is the financing of major corporations, such as Kuwait Airlines' airbus deal valued at 140 million dinars (approximately \$0.5 billion). Talks are going on with other major local institutions about this activity in which we are going to move to Arab and international institutions operating in the Gulf and Egypt.

[al-Shimri] Do you limit yourselves to financial services, or do you have fixed assets?

[al-Bahr] No, we deal with assets generally, consisting of capital and property. We have real estate portfolios in the United States valued at \$70 million. We now have a \$40-million sector whose advantage for our customers is that it includes a guarantee of liquidity for the customer.

We have currency circulation portfolios and a metals circulation fund. Thus we have a variety of investment products. We invest in all assets; we do not stipulate that they be financial.

[al-Shimri] What is your assessment of the Kuwaiti economy at the present time?

[al-Bahr] The Kuwaiti economy has passed through many difficulties in the last three years. I think it will improve gradually in the coming period—with emphasis on the fact that it was necessary for it to pass through a difficult period in which it jettisoned "excess weight" embodied in certain unprofitable institutions and certain current unproductive agencies. Also, the Kuwaiti economy needs an easing of government control. We should be looking for fundamental solutions for current problems and leave aside superficial ones.

[al-Shimri] On what do you base these ideas?

[al-Bahr] I believe that difficult times build men. Nations too: their easiest days are their worst days in terms of their abilities. In Kuwait, after 20 years of luxury, we have to pass through an austerity period in which many ideas change. This financial pressure must entail a reorganization that includes shrinking the government apparatus, raising performance level, reducing expenses, and developing competitiveness. The closest example of this can be found in the Gulf countries. In the early eighties they passed through serious financial straits because of falling oil prices. Kuwait was the only country that did not experience such conditions. The other countries were led to reorganize their priorities and institutions, which led them to comprehensive growth.

Thus, the main problem of the Kuwaiti economy has been luxury.

[al-Shimri] As a consultant to the Kuwaiti National Assembly's financial committee, do you see similar attitudes at the official level?

[al-Bahr] I see the presence of this thinking in strategies presented by government agencies such as the Higher Planning Council. I think there is a trend toward lifting support from institutions and banks active in the market, so as to encourage the spirit of competition, free the market from restrictions, and set about shrinking the activities by selling their property to public activities.

## MOROCCO

### Annual Report Reviews 1992 Housing Sector

94AF0013A Casablanca LA VIE ECONOMIQUE  
in French 8 Oct 93 p 12

[Article by A. Belouas and the Documentation Department of LA VIE ECONOMIQUE: "Prices Still Climbing"—first paragraph is LA VIE ECONOMIQUE introduction; figures as published]

[Text] During 1992, the sector experienced the combined effect of several factors, which produced an increase in prices with which no one is ready to deal.

The rise in the cost of getting credit and the poor harvest have had a certain impact on the real estate sector. So two factors, the sector's efficiency and the increase in building production factors and prices, can account for developments in the activity for this sector.

A review of certain facts reveals a drop in real estate activity in 1992.

So the statistics pertaining to the past year show that the number of building permits is slightly ahead of 1991.

That number rose from 25,935 to 27,362 permits. According to the report from the CIH [Real Estate and Hotel Credit Bank], "Constructed area and floor area recorded variations of 1.9 percent and -1.4 percent, respectively."

Second, 269 programs corresponding to 6,794 units of housing were authorized by the CIH in 1992 as compared with 1,356 authorizations and 17,215 units of housing in 1991. From these figures a drop of 80.2 percent can be seen for authorized programs and of 60.5 percent for units of housing.

It needs to be pointed out that this drop also affects programs aimed at sales as well as those aimed at rentals. So in 1992 programs aimed at sales dropped by half both in terms of programs and in terms of number of units of housing. Whereas programs aimed at rentals recorded a 90-percent drop. On the other hand, in the case of authorized cooperatives, programs increased by 25 percent over 1991.

Third, another variable, real estate transactions are one indicator of how the sector is moving. Thus in 1992 there

was a slight 3.2-percent increase in the number of transactions and 4.8 percent in value as compared with 9.8 percent and 16 percent in 1991. These figures "confirm the gloominess that has generally been felt by those in the field," people at the CIH say.

With respect to current levels of credit available to the real estate sector, the fourth indicator being looked at, it should be noted that credit granted to the housing sector by banks went from 3,937 dirhams [DH] in 1991 to DH4,361 in 1992, or a 10-percent increase. Where the CIH is concerned, it went from DH8,614 in 1992 as compared with DH7,764 in 1991, making an 11-percent increase. According to the CIH's annual report, that agency's share remained at 66 percent as compared with 70 percent for the past two years.

Finally, the CIH's annual report takes cement sales into account in the increase of real estate activity. In 1992 these sales reached 6,345,476 tonnes as compared with 5,789,502 tonnes in 1991, making for a 9.6-percent increase. It should also be noted that in addition to the Marrakech and Tetouan cement works, all the other cement works recorded an increase in their sales.

An analysis of real estate activity for the year 1992 can also be done looking at production factors and prices.

#### Stability or Increase...

The trend in the costs of building materials shows sustained stability. However, salaries, hardware, and iron increased 10 percent when compared to the previous year.

With regard to land prices, which is a variable that is hard to control, one general remark will suffice: the land market recorded "a stagnant period with regard to demand for construction sites," they state at the CIH. The trend was in the direction of a settling down of prices in economic zones and apartment buildings and in the direction of an increase in single family homes. The increase was estimated to be between 10 percent and 20 percent in comparison with 1991.

With regard to construction sites with facilities, we see major price variations and they are a function of the type of seller and the piece of land. So in the case of the role of the public sector, in 1992 prices remained moderate.

So prices are distinctly below those asked by private promoters and are included in the following ranges: DH500 to DH1,000/m<sup>2</sup> for individual lots and DH950 to DH3,000/m<sup>2</sup> for collective lots.

We can see the same variations in the price of a habitable square meter. According to a study done by the CIH, this price will vary according to the type of housing. So for low-cost housing, the cost varies between DH3,600 and DH4,500/m<sup>2</sup>. For a medium-priced apartment building, the range to think of goes from DH4,000 to DH6,000/

m<sup>2</sup>. Last, for a high-priced apartment building, the price of a habitable square meter was between DH6,000 and DH10,000!

The price level fully explains the drop in real estate transactions. According to the CIH study, "indeed it was in the area of co-ownership and 'medium-priced apartment houses' that the difficulties were felt the most acutely."

Beside the price of land, construction costs also experienced an increase. So, according to the CIH's data, they went from DH1,300 to DH2,950/m<sup>2</sup> as compared with DH1,250 and DH2,800/m<sup>2</sup> in 1991. This expense could stay the same or be twice as much in the case of the construction of an expensive apartment building.

Furthermore it needs to be emphasized that this expense is very high in three of Morocco's cities, notably Casablanca, Rabat, and Agadir.

## REPUBLIC OF YEMEN

### Mitterrand Attends Oil Well Inauguration

93AE0619B Doha AL-SHARQ in Arabic 28 Aug 93 p 7

[Article by Muhammad al-'Urayqi: "French President Attends Ceremony To Inaugurate Yemen's Shabwah Oil Field; Initial Results Are Excellent"]

[Text] Sanaa—Informed sources in Sanaa have said that French President Francois Mitterrand will attend the ceremony in which Total, a French oil company, will inaugurate the commercial production of oil from an oil field within its concession area in Shabwah, Eastern Yemen, next October. The sources have said that the preliminary exploration conducted by Total in its concession area has produced excellent results to date, according to the world market criteria employed to evaluate tests on experimental wells. These sources have also reported that the company drilled three producing wells in a small part of the area granted to it in accordance with the concession the company concluded with the previous South Yemen early in 1990. This concession was renewed later in the year with the Yemeni Government. Tests conducted by company experts have revealed the presence of record commercial quantities of high-quality oil. Daily production of the first well has amounted to 12,400 barrels; of the second well, to 12,000 barrels; and of the third well, to 5,600 barrels; thus bringing the total from all three experimental wells to 30,000 barrels daily. These quantities make it possible for the company to start exploiting the oil field without any risk. This field is expected to contain vast oil reserves. The company will drill more oil wells in 1994 as part of a large-scale program to exploit oil and market it on the basis of sharing production with the Yemeni Government. In the same vein, the sources have said that the company plans to abridge the later phases of utilization by focusing on drilling dozens of production

wells and building pumping, control, and safety installations at the production site. The company will also pump oil directly through pipelines that will be tied to the pipeline network already built by the Canadian Oaks Company and that terminate at the export port in Hadramawt Governorate. This signals the emergence of oil cooperation among the Western oil companies operating in Yemen.

In a related development, new fields were discovered in the Wadi al-Jannat area in 1992 and new wells have been drilled there. Moreover, vast gas reserves have been discovered in this same area.

### **Australia's Hamilton Oil Buys Into Golden Spike**

93AE0619C London AL-HAYAH in Arabic  
24 Sep 93 p 9

[Article by Jean Ughli: "Australian B.H.B. Purchases 50 Percent of Oil Concession in Yemen"]

[Text] London—B.H.B. Petroleum, an Australian oil company, has announced that it has concluded an agreement to purchase 50 percent of the Platform Number Six concession in Yemen in what is considered the first involvement by the Australian oil company in the Yemeni oil industry.

Company sources have told AL-HAYAH that Hamilton Oil Company, a subsidiary fully owned by B.H.B. Petroleum, has purchased the said share and the operational rights to Platform Number Six, known as Aryam, through Yemen B.H.B. Petroleum Incorporated, its branch company.

The sources added that Yemen B.H.B. Petroleum Incorporated purchased the share from Yemen Golden Spike Energy Limited, an Indonesian company that obtained the concession in accordance with a production-sharing agreement that it concluded with the Yemeni Ministry of Oil and Mineral Resources in the middle of last March.

Platform Number Six, a land platform, is located in north central Yemen and covers 3,200 square km. In the first three years of exploration, seismological surveys are scheduled to be carried out in an area of 500 square kilometers and two wells are scheduled to be drilled. Upon signing the agreement, Golden Spike Energy Company undertook to invest \$10 million in prospecting operations, keeping in mind that the sum includes drilling two wells.

Platform Number Six is adjacent to Platform Number Five, which is owned by Total, a French company, and where undisclosed quantities of oil have been discovered. Geological drilling experts believe that the Platform Number Six area is promising insofar as oil is concerned. Geological activities are scheduled to be started in the concession area next year and the two wells are scheduled to be drilled in 1994 and 1995.

B.H.B. Petroleum sources have not revealed the sum that the branch company has paid in return for a 50-percent share of the concession, but oil industry sources said previously that the Indonesian company, a subsidiary of Codill Corporation, had paid \$15 million in advance for the Platform Number Six concession. When the agreement was concluded, this sum caused an uproar in the Western oil industry because it is considered a high price for a platform where no oil has been discovered yet, especially when compared with sums paid by Western oil companies for the concessions they have gotten in Yemen.

It is believed that Chevron, a U.S. oil company, turned down the Platform Number Six concession when it was offered to it for \$6 million. It is estimated that Western oil companies offer an advance ranging from \$2-\$4 million for concessions they get in Yemen. Strike, another U.S. oil company, also turned down the concession when it could not get the financing needed for the project. Oil industry observers have said that the cost of a concession is a very sensitive issue locally. A high cost means that the government is getting considerable revenues in return for permitting Western oil companies to prospect in Yemen. Analysts have noted that the fact that a major international oil company has joined the Yemeni oil industry is important for the Yemeni Government, which is trying to reassure Western oil companies that are worried about armed attacks on their operations in Yemen.

Despite the incidents that compelled the Total company to temporarily suspend its drilling operations in the area of East Shabwah early this month, oil activities continue, including drilling activities carried out by Lazmo, a British oil company, in the area of Platform Number 35. This company is expected to finish drilling its first three wells later this month.

The rush to get exploration and production concessions in Yemen in the past few years has raised the number of international oil operations in the country to more than 20 operations. A select group of international oil companies are involved in these operations, such as Chevron, Exxon, Occidental, Shell, Sun Oil, Hunt Oil, Elf Aquitaine, Total, British Petroleum, and others.

### **Al-Bid on Constitutional Amendments, Dialogue**

94AE0004A Aden AL-THAWRI in Arabic  
26 Aug 93 p 3

[Interview with Ali Salim al-Bid, vice chairman of the Yemeni Presidential Council and general secretary of the Central Committee of the Yemeni Socialist Party (YSP) reproduced from Paris-based AL-USBU' AL-'ARABI; date and place not given]

[Text] The weekly AL-USBU' AL-'ARABI, which publishes in Paris, the French capital, published an extended interview with brother vice chairman of the Yemeni Presidential Council and general secretary of the YSP [Yemeni Socialist Party] Central Committee in which he



talked about a host of Yemeni, Arabic, and international issues. In view of the importance of what he said, AL-THAWRI is publishing the interview's full text:

[AL-THAWRI] You have visited the United States for medical treatment, but you have met with the U.S. vice president and officials from the National Security Council. Is there anything new in the U.S. attitude toward the Arab region?

[Al-Bid] Although the aim of our visit was treatment, we have found the visit a good opportunity to meet with Vice President Albert Gore and Martin Indyke, an official of the National Security Council. We have sensed a particular interest in the area's problem and a kind of an attentive look at it. We have found particular interest in Yemen. We are honored by this because we are pursuing a democratic course following a long period of suffering. The officials we met with have particularly lauded the Yemeni experiment.

Of course, we have discussed with the U.S. vice president the situation in the Middle East and we found particular interest in the Middle East problem, and in giving it a momentum in order to achieve tangible results before the end of this year. We have also discussed the international situation following the end of the cold war. We understood that the United States is acting on principles whose aim is to establish stability.

[AL-THAWRI] Can it be said that there is a clear U.S. policy toward the Arab area, or is it just a matter of headlines, as some people say?

[Al-Bid] We, as Arabs, cannot force the others, including the United States, to view the problems and issues of our area from a narrow angle. The matter is left to us to define what we want and what relations we want to have with the others. I believe that such a stand also helps others to look at relations with us from a clear angle, that is acceptable and tolerable to both sides. Of course, we in Yemen are part of this nation that is capable of marching forward only if it were to try to review and to reconsider its position and the problems it is facing today.

Briefly, the world is now witnessing major changes. If we as Arabs want to go along with the new situation, we should adopt a new language for dialogue among ourselves that would, on one hand, help us to resolve our problems and, on the other, enable us to come to an understanding with the others who deal with us in light of our attitudes.

[AL-THAWRI] Do you think that the U.S. view toward Yemen has changed following the 27 April legislative elections?

[Al-Bid] We saw this clearly. The U.S. vice president underlined this during our meeting with him in a manner I did not expect. This calls for satisfaction, yet it is not enough for us to bask in international acclaim for our [democratic] experiment. The situation calls upon us to struggle even more in the Yemeni arena so that we will

develop this experiment and avoid exposing it to risks. At the same time we continue to be deserving of the appreciation and respect that is due to us. This, in my view, applies to our entire Arab situation. The solution is democracy and cultural building. I once again say that dialogue is the better approach and solution today, because it enables everybody to think with a loud voice and to look at our problems from a standpoint of solidarity and understanding one another as inhabitants of the same region.

[AL-THAWRI] According to certain views, the elections won a kind of international appreciation for Yemen. But this has begun to erode because of the political strife between the ruling tripartite coalition. What is your opinion?

[Al-Bid] To a large extent this view is correct. But as far as we are concerned this is something normal, because we view democracy as a complete system with its own various institutions. We are now engaged in a two-pronged operation: entering the democratic arena and building its institutions. This is not easy in a situation inherited from the distant past.

We have entered the first step of the first stage. We must complete this by holding local government elections, [setting up] a presidency, and giving the institutions a free rein. We are supposed to compete in building these institutions while understanding that democracy should be accepted with its two wings, that which is in power and that which is in opposition. This calls for creating a democratic atmosphere. The strength of any power is a reflection of the opposition to it. Therefore, I believe it is necessary that we finish building what we have started. The next step should be to hold local council elections, because this would lighten the burden on the central administration that is ruling now, since such a burden would hamper the functions and the mechanism of the state as a whole. The present situation calls upon us to entrust the central administration with planning, control, and supervision, and leave executive matters to the local bodies. Which, in another dimension, means laying down the basis of the democratic process. After that we will proceed toward holding presidential elections through a referendum. We should not be apprehensive of this, for democracy shall rule the people, and the people is the ruler. The results must be accepted regardless of what they may be, because we no longer accept the principle of 99.9 percent [election results].

We in Yemen have suffered from many conflicts and crises. Although we now have reached safety, this does not mean the end of the dream or stopping at a certain point. The matter calls for constant movement and for continuous pushing of the cart forward. This calls for compromising in the interest of achieving the major goal. I frankly say that it would be a major sacrifice on the part of an individual, a party, or a group of people to compromise in order to clear the way to progress, development, and cultural building in all its political, economic, social, and cultural aspects. In order for this

to be realized, there must be a deep belief that democracy does not stop at parliamentary elections but goes beyond that to effecting a large-scale change in the society and its institutions.

[AL-THAWRI] How do you, as the YSP secretary general, view the proposed constitutional amendments, particularly with regard to abolishing the present presidential council system and replacing it with a president and vice president of the republic?

[Al-Bid] Some people view the question of amendments from different angles, seeking instant solutions to some problem. This creates numerous complications. The Constitution is the law of all laws and so should not be subjected to attempts at reshaping it in a manner that would be suitable for particular conditions and situations. In my view the amendments should focus on creating genuine democratic conditions. For us in the YSP this is our main concern; we are not interested in the question of positions. Therefore, we believe that the amendments must deal with the question of building institutions.

[AL-THAWRI] But this does not prevent certain people from saying that the constitutional amendments have been delayed because of differences over them inside the YSP on one hand, and because of your one and one-half month's absence in the United States, on the other.

[Al-Bid] The poor YSP! It has become the excuse for all sorts of accusations. Also we read in the papers "fabrications" about differences inside the YSP leadership of which we are not aware. Some say the leadership is divided into different trends and some others say it is opposed to the amendments...and so on and so forth of media falsehoods.

I would like to say very clearly that history and reality will fairly judge this party. If there are any differences of opinion and interpretation within it, it is because it is not afraid of this and considers it legitimate. It is also because it has learned from the 1986 experiment, from its experience in matters of unity, and from its knowledge of how to manage differences of opinion inside various bodies.

In summary, our party suffers a lot. It is not only the target of charges leveled against it here and there. It realizes that launching the cultural and democratic project requires a great deal of sacrifice, understanding, and acting responsibly. In the end the one who proposes the solution should be the one in the lead and everybody else should walk behind him. This is not confined to a particular party. We are partners in building this project. I would like to point out that the ordinary citizen has given our party a good conduct certificate when he elected our party unanimously in the southern areas. Some people said that after a quarter of a century of ruling the south the party is finished. That certificate was in response to the speculations and views that said the YSP is hated and despised and in fact has no standing.

Despite what is being rumored about disagreements and problems, I am confident that the YSP is developing, and the ongoing debate inside it is a sign of good health and vitality as well as of interaction that enriches it more than harms it. In my capacity as secretary general, I feel proud, because a suppressed party is the party that evokes fear and emits danger. Also, if our party was not a helping factor, it was not and it will never be an impeding factor. Whether I am in Sanaa or abroad, we have sufficient bodies and cadres that would make the right decision at the right time. The time is gone when the party would shrink into a central committee and the central committee into a politburo, and finally into a secretary general who makes the decisions. I can say very frankly that we have gotten rid of the mentality of centralized democracy. However, this should not stop us from admitting that certain shortcomings do occur sometimes.

[AL-THAWRI] What is the secret behind some of the statements by leading members of your party calling for quitting the government and joining the opposition? Commenting on this, some people say that you live with the mentality of the ruler in opposition.

[Al-Bid] We are in power, but still suffer like those who are outside it. Which explains the statements by leading elements. Like all other human beings, they have feelings and react to their sufferings. No other party has ever suffered as much as the YSP has, both from inside the government and outside it. The YSP has been the target of a campaign of attacks, fraud, and endless accusations. It is the actions of other people that push some of our people toward inclining to opposition within the party, though we are in office. Yet these actions have failed to push us towards extremism. On the contrary, we still believe that we are a ruling party and have a role to play in democracy building. This role is complementary to the role of others in shouldering the responsibility of building unity and preserving it, regardless of the cost.

[AL-THAWRI] You have reiterated the expression "the language of dialogue" more than once. How would you translate this into action in your region and in the inter-Arab relation?

[Al-Bid] We in the Arabian Peninsula area and the Gulf are in dire need of consolidating the sense that we need one another because we are linked by current and historical ties and neighborly interests that none of us can ignore. Therefore, I see the need primarily to discuss the common denominators with a good-spirit dialogue. If resolving the problem is difficult to realize at the highest decision-making levels, then let the matter take another course. Let dialogue begin through the cultural channels and the educated people. This could lead us to diagnosing the fault. I would like here to make a sincere call through your newspaper for an inter-Arab cultural dialogue. I believe that inter-Arab dialogue is capable of cleansing the Arab atmosphere. If this step is coupled with a true sense of responsibility, it will lead to a spirit of brotherly understanding in which there is no winner

or loser. This policy has led to positive results in our relations with the Sultanate of Oman, for example. We have reached an agreement on border demarcation and opening border crossings.

[AL-THAWRI] What is the basis of the dialogue you are proposing?

[Al-Bid] Brotherly spirit and open-mindedness. We should remove from our heads the idea that we should agree on everything or disagree on everything. We should look for common denominators and proceed toward developing them. Once this rule was the basis and foundation of European unity. What about the unity of the Arab nation?

### **Al-Bid Addresses Union Members on Democracy, Wages**

94AE0005A Aden SAWT AL-'UMMAL in Arabic  
2 Sep 93 p 3

[Article by 'Abdan Dahis; parentheses as published in original]

[Text] Place/Aden: The hall of the General Federation of Labor Unions of the Republic. Time/hour: 10:30 a.m. Date/Tuesday, 30 August 1993. Present: A number of the leaders of the executive office of the General Federation of Labor Unions of the Republic and the secretariats of the General Unions and the Labor Councils.

The meeting was opened by brother Rajih Salih Naji, chief executive officer of the General Federation of the Labor Unions of the Republic of Yemen. At the beginning, Naji welcomed Mr. 'Ali Salim al-Bid, the vice president of the Republic and general secretary of the Yemeni Socialist Party. Naji then followed by saying that it was a good opportunity for the unions to meet with brother al-Bid to discuss the different issues and problems associated with the work of unions and workers.

The discussion was opened and centered around the following issues and problems raised by the unions' members:

### **Problems and Issues Raised in the Meeting**

1. There has been more than one meeting. The leadership is complaining and so are we. Something has to be done. Can brother al-Bid actually solve all our problems? Or, should we first coordinate those problems?

The Unions Draft Law: This draft diminished or rather cancelled out the rights of Unions. Both workers and unions should discuss it before it is made into law.

The public sector: It faces severe criticism, particularly—unfortunately—from the southern and eastern governorates. Unions have the potential to present studies that aim at maintaining this sector. According

to observations, the duties and functions of the "public sector" are twofold, i.e., socio-economic. As for the private sector, it has a productive-spiritual function; this sector is also not responsible for the work force.

2. Before beginning (privatization), it has to be carefully studied with the "government." It is to be noted that 15 infrastructure services are in danger of going out of business. It is not proper that the private sector contribute to investing in these services and not consider the fate of those employed in them. All these proposals must be discussed with the unions before executing them. We request that Mr. al-Bid help the unions to research and discuss these proposals.
3. An observation has been presented regarding the "new Social Security and Pension Law." The new law stipulates that 12.5 percent should have been deducted so that the actual or acquired period of service could be added; the last paid salary would be used to make this calculation. This makes what is stipulated by the new law different from that of the previous. It is requested that this percentage be reexamined and that what had been stipulated according to the previous law—the Social Security Law—be approved. It is to be noted that there are tens of thousands of workers in the (southern and eastern) governorates who are about to (go into retirement); the percentage according to the new law would deny them this lawful right!
4. Both the fate of the "Port of Aden" and the guarantee for work there need reassessment. Though Aden has recently been transformed into a port (because of the existence of some machinery in it), transporting inland, many commercial goods enter into (Aden) by way of other ports. [as published]
5. "The Ship Docks Company" is in a semi-dead state; workers have not received their salaries for months, nor have they gotten the 70 percent since the beginning of the year. We request that this company receive help to overcome its difficulties!
6. The "Yemeni Maritime Shipping" company owns an old ship. There is a multi-purpose private sector that would like to buy such companies and get a percentage estimated at (82 percent), while (18 percent) goes to the state. This company needs to buy a (new ship) for its work. Both the proposal to buy a ship as well as the money needed for it have been postponed since before the unity. We believe that buying a ship would solve a lot of this company's difficulties!
7. (Al-Yamada) is facing much fighting and maneuvering. More than one meeting was convened with the brother the vice president of the Presidency Council. There were proposals to merge (Al-Yamada with Al-Yamaniyah) and break the partnership with the Saudi partner. We urge that the fate of (Al-Yamada) as a national fulfillment (public sector) be taken care of.



8. Road transportation: (the organization is in Aden). A struggle exists between the director and his deputy. It is feared that either the employees will become the victims, or they might take the step of firing both the director and his deputy from the organization. We would like an end to this state of affairs!
  9. Unfortunately, the government's program was not inclusive. It referred to the liquidation of the (public sector), yet, not differentiating between a successful and an unsuccessful one. What is the solution? How can this be dealt with?!
  10. Prices are increasing. Conditions are difficult. This issue must be dealt with as it is linked to people's lives.
  11. "The Draft Union Law" has confiscated the rights of unions. This issue must be reviewed before the law is issued. Unless unions are abolished—such as is the case in Iraq—unions should discuss this draft.
  12. There has been much talk about the "The Constitutional Amendments." We request brother al-Bid to (depict them) to us!
  13. (Four) merchants were managing the Port of (Aden). There was trade there. Today, it is the opposite. What is the solution for the state of the Port? A practical solution should be found!
  14. The rise in prices has become more ferocious, even with regards to school clothes. What is the solution? It is to be noted that simple people with limited income would not be able to send their children to school for that same reason! What is the solution?!
  15. Committees for supporting the public sector—affiliated with the "Supreme Committee for Supporting the Public Sector"—will be formed in Aden. We request that these committees be supported and that their activities be supported!
  16. Whatever is done for the merchants, they will not pay heed to the authority. The unions had discussed this issue with brother al-'Attas, the prime minister. What are the new directives with regard to this issue? The conditions of the poor should be taken into consideration!
  17. If the public sector infrastructure in Aden were to be handed over, what would be the fate of (400,000) men and women workers?. The situation is difficult. The unions prefer a dialogue and do not want to resort to going on (strike) as a solution.
  18. (The Yemeni National Bank): There are instructions from the headquarters in Sanaa to close the accounts of the institutions of the (public sector) in the Bank. This is a conspiracy to sell the (public sector) as well as the (Bank). The Bank has about (900) men and women employees. What is the fate of these employees? If the Bank is sold, the private sector needs only (100) employees!
- These issues were discussed with brother Governor al-Siyili; he has a good solution, yet, will the monster (leave him alone?!)
19. The (unions) initiated the national movement. We should encourage the unions' struggle and support and preserve them. This is because, while it is difficult to uproot a tree, its branches can be cut!
  20. Conspiracy against the (public sector) has been initiated by the administrative apparatus on which it is founded—the manager and his group! The situation that this sector faces is both difficult and dangerous. It is crucial to find practical solutions for this situation!
  21. The unemployment problem is worse. Many graduates are unemployed and looking for work. Some have come back from abroad, claiming they were Yemenis who were employed, so is the case with foreigners.
  22. The governor of Aden presents some ideas as solutions to the unemployment problem; these ideas are themselves problems. It is irrational that high school graduates either join technical institutes or take up lower-grade jobs.
  23. The conspiracy against the public sector started with those working in the construction sector. We managed to find a peaceful solution. Workers are currently employed and the old-aged were offered retirement.
  24. Sometimes, the staff of administrations falsely accuse their employees. For example, al-Siyili, Aden's governor, was informed that workers in the electro-thermal station had put away "spare parts." When we went for a tour with the governor, what we discovered was contrary to these allegations.
- Unions do not support lazy workers; on the contrary, they support clever workers who do their work most efficiently.
25. An observation by the unions: we support national capital; however, who is the real national who works for the nation's sake?!
  26. We support workers and handing over the "public sector" to them. If they do not succeed, let them go to hell!
  27. Unions did not take part in the formulation of the Draft Unions Law; this is a repeated observation. However, unions took part in formulating a law one year ago, yet, the law is not functioning!
  28. There are more than three institutions affiliated with the agricultural sector in Aden, such as: "Excavation," "Poultry," and "Vegetables." Workers in these institutions have not received their wages for more than six months.
    - In the "Excavation" institution, workers have not been paid since March 1993. Finally, unfortunately, the administration sold its assets in order to solve this problem.
    - In the "Vegetables" institution, "320" men and women workers are still employed, while "680" are superfluous and not being paid.

- Eggs are sold to the private sector for a low price; this sector sells eggs to citizens at a high price. Why should workers be blamed?
- The Italians presented an automatic poultry slaughter-house as a gift to the institution in Aden. Some want to transfer it to Sanaa; the Italians want it in Aden as it was given as a gift before the unity!

29. There are efforts to destroy the work of unions in Abyan; unions are trying to pacify workers, particularly with regard to cashing the wages, which have been suspended for months.

- The governor is away. He is no longer the "guardian" governor; he gives his orders and appoints employees—as has happened in the case of the "Road Transport Administration"—from Sanaa.
- In Abyan, some partisans, officials, and others seized state lands in order to solve the problems of agricultural workers and peasants who have not yet gotten agricultural lots.

30. The Society for the Unemployed requests a solution to both the unemployment problem and finding employment for graduates. It rejects both low-grade and strenuous jobs, which are not compatible with the qualifications of those graduates. The Society also requests that the decree, which the cabinet ratified, stipulating that employment be found for graduates, be annulled!

31. For three years after the unity, there has been a conspiracy against the unions' movement which was established 38 years ago!. This state of affairs resulted in the deterioration, if not the vanishing, of the unions' movement. However, unions play vital roles, as has been proved in Nigeria, where they caused the fall of the regime lately and bid farewell to the president, sending him home!

- There are capital enterprises, not a private sector. These enterprises aim at conspiring against both the unions and the public sector. It is crucial to review the laws that have taken away the rights of workers and unions!
- The unions have sacrificed and offered martyrs. Unions have also reached out to Arab and international organizations. A few months after the unity, Dr. al-Aryani, the former minister of foreign affairs, called back—with no justifications—Yemeni representatives in international organizations. We believe that those representatives represent the nation and Yemen, not a specific party. Brother al-Bid has a memorandum concerning this issue!
- The prevailing directive is aimed at weakening unions and their role.

Directives are also aimed at reinforcing the role of both the private sector and private capital. These directives also aim at giving other powers, new and old, roles to play.

The above were the most outstanding observations of the unions' and workers councils' representatives present at the meeting. Following, is an expose of the speech that brother Mr.'Ali Salim al-Bid, vice president of the Presidential Council and secretary general of the Central Committee of the Yemeni Socialist Party. This speech is an elaborate response to all these observations.

#### Mr.'Ali Salim al-Bid's speech:

- He started his speech with "In the name of God the benevolent and merciful."
- He said: "To the brothers who are present, who represent the unions' movement and the Yemeni workers, I extend to you and to the great Yemeni people my greetings and blessings on the occasion of our celebration yesterday, together with the Arab and Islamic peoples, the Prophet's birthday 'God's prayers for Him and God's peace with Him.' I hope that our celebrations on this blessed religious occasion would be exemplified by our work and our giving. The Prophet was a role model for good values and good behaviour. He was also a courageous struggler, who struggled for the sake of the poor. There are also many proofs that the Prophet worked day and night. I hope that these values and what they stand for are exemplified during such celebrations."
- He added, saying: "I returned to Aden to complete its recuperation from the epidemics and diseases that it suffered from. We regret to see epidemics and destruction of beautiful things in the good Aden."
- Al-Bid said: "I hope that we do not forget what is currently happening, which is due to the great historic event of our unity and our democracy." He referred to his making it a point to hold this meeting with a large number of representatives of the Yemeni unions' movement, because workers are the foundation in all sectors, be it the public, private, or mixed.
- Al-Bid added: "From time to time, national education, which has its conditions and parameters, could be most crucial. When establishing the unity, we put as a condition that democracy should prevail, in order to enjoy competition and diversification in this nation—the 22 May 1990 nation. However, we find that there are things that work in the opposite direction. Perhaps, this is due to the instability accompanying the changes. This instability must happen. However, what is the impact of this instability?!"
- Al-Bid went on saying: "How can a balance be achieved in the framework of this instability and these changes? We did refer to and emphasized that on 22 May 1990. We asked that both obstacles and fanaticism be left behind!"
- Al-Bid went on saying: "We can find what is satisfactory in the Unity and its documents. However, unfortunately, when it comes to application, pessimism could hover over the society and cause people to be negative."
- Al-Bid added: "Not all that existed in the two regions before unity was more proper. However, we agreed on 30 November 1989 that whatever was beautiful in the two regions would be preserved and that we would also cling to whatever is proper. As for whatever we

find might be detrimental to our experiment and to our unity, we should, in a loud voice, call for it to be discarded and done away with!"

- Al-Bid further said: "We have to continue to be focused in order to remain responsible. We should not be quite. We should not only talk. We should both talk and do something!"
- Al-Bid added: "We have been very patient and have faced much trouble. Presently, what matters is not the fact that I have listened to a view point, but the fact that there are different views. What the party members do is more crucial to me than listening to the party's view point. Listening to the opposition view is also important. People believe that the views relayed on television have become dominant. We would like to listen to everybody. It is more important to find out what is happening in the unions, because unions are arenas for competition and democracy."
- Al-Bid said: "You have primarily talked about the (public sector) and the Pension and the Unions Laws as well as the importance of these laws. You talked about the difficulties facing the public sector. However, each faction talks about its own problems. You have talked about your suffering. We talk about all problems."
- Al-Bid added: "There is no mention of anything harmful to the Unions in the Constitution. Besides, article 39 is concerned with the multi-party system, unions, etc. You are concerned with this article in the Constitution. Therefore, there is a constitution that binds us. We work under its roof. Everything we need is found in the Constitution."
- Al-Bid then indicated that it was proper to talk about the reform of the (public sector). He added saying: "Despite all our efforts, there exists a negative attitude; however, some efforts are positive. Why do we not apply them?! We do not support a public sector that is a failure. We should work towards both encouraging workers and having them improve their efficiency as well as giving them incentives. The element of incentives is very important. (Each person who prays, does that to ask for forgiveness!) It is very important to discuss the issue of incentives, as there is a relationship between work and incentives. We notice that the worker who does his/her work well is (made equal) to the one who does not do the work well. There are flaws and impurities. However, there is a difference between (have the sincere) intention and get on with your work?!"
- Al-Bid added: "Workers actually have to struggle to maintain their benefits; they present a role model by which others are convinced. Workers should depend on toiling for their living. As for lazy workers, they should be reprimanded. This is because each should benefit according to one's toil and work."
- Al-Bid went on to say: "In some infrastructure institutions, employees would be paid for work they have not performed. For example, in the Port, some goods were previously transported by cart. Nowadays, however, more technically advanced transportation modes are being used by the peers. By what right does

the one who does not do any work want to get his/her privileges?!"

Becoming accustomed to some privileges has become a force which has caused us much trouble.

- Al-Bid added: "There are flaws in the unions movement. However, since the fifties, unions have played a leading role in the national movement, therefore, they have not to be done away with, but to be maintained. Moreover, unions should adapt to changes and new developments. We have to accept these changes and new developments and develop ourselves accordingly. We should also drive away from amongst us those who wish to be able to earn their living without toiling!"
- Al-Bid continued to say: "I hope we can deal responsibly with these matters. We would like you to meet with workers to present practical solutions to these issues as well as carry on an open dialogue with the government."
- Al-Bid added: "The unions' field is that of democratic struggle. We do not deny that at a certain period unions were governed by a system of (centralized democracy). Therefore I have asked to listen to all view points and put them together in order to protect workers' interests."
- Al-Bid also said: "We talk about democracy symbolically, yet, we practice what neglects democracy. We should change our views and attitudes in order to adapt to the democracy motto and its application. We should stand by good values and good character. Who said that working and serving people were bad actions and that abiding by law and order was bad? On the contrary. What seems bad is the fact that disease is contagious, yet, good health is not!"
- Al-Bid added: "There is a lot of trouble apparent in your talking. However, unity and democracy are the keys to solving these troubles and solving differences. Some people suffer from radicalism. Balance should exist in life and diversity should exist in the society and its factions. However, people could not be (equal), which is a difficult matter. Moreover, people have to live and eat. The matter of (social justice) should be presented for discussion. The Socialist, Congress, and Reform parties should not stick to their views, as diversity and not conformity should exist. For example, there existed in this country a certain system. There were certain view points. However, we should stand by whatever is better."
- Al-Bid added: "It is possible to present these issues to the House of Representatives."
- Al-Bid further said: "The whole world is interested in Yemen; I have noticed that during my visit abroad."
- Al-Bid added: "We should fondly remember 27 April, which is democracy day. Other dates have no relevance to democracy. We should continue our struggle for evolution; could we remain as such?! We started on 27 April and should continue on the same path. The House of Representatives is the first elected House and it should practice its role while bearing this meaning."



- Al-Bid went on to say: "Some laws have been issued, yet, nobody knows where they fit. Will the House of Representatives monitor the implementation of these laws?!. We should reinforce the monitoring role of the House of Representatives."
- Al-Bid added, saying: "The coalition experiment has been a Yemeni one. Presently, in some countries, many parties are struggling together. As is said 'the Wisdom is Yemeni.' We should be proud of our experiment and protect it. The coalition should be also cared for. We should bear the responsibility and place the House of Representatives amid struggles and differences, telling the House that this is its role; we should support the House and rely on it. We should not needlessly let people face troubles and struggles."
- Al-Bid further said: "At this time last year there were troubles and pressures. We have overcome the pressure and accepted everything. However, starting from the present time, let us work together with the House of Representatives."
- Al-Bid said with regard to the change: "What changes to the Constitution are necessary? If there are changes that would reinforce democracy and benefits, then, (welcome to them). We are all Yemeni soldiers and are struggling for the sake of Yemen. Are there any changes that have a real democratic trait?"
- Al-Bid added: "First, we have to accept the Constitution, apply, and implement it. Then, we could present the changes in a normal atmosphere, because the place to present them is the House of Representatives. We would present them for discussion and publish them in the papers."
- Al-Bid further added: "I am against both aggravating situations and initiating crises."
- Al-Bid said: "We would not like to care for a certain personality but for Yemen and its institutions; however, we would like that to be done amid normal circumstances. We should attend to the different issues and let people talk and have discussions with each other."
- Al-Bid said: "There is no retreat as has been rumored and as some circles have indicated. According to my energy, I go wherever I would like to in the governorates. However, where one speaks should be known, besides, we should not advocate any insinuations."

We must voice our views through the House of Representatives, as it is enough that we achieved both unity and democracy. Enough of putting the blame on such and such a person. There is no need to do just that!"

Al-Bid further added: "We have reached a stage when we should complete the setting up of democracy and use new mechanisms. We should also work, both through and with the House of Representatives. There is a quotation in the Constitution that should be observed, concerning the setting up of the Local Councils."

Al-Bid further said: "If there is a consensus with regard to change, then, change should be carried out, yet, within

normal circumstances. We are indeed in need of a constitution that would serve both our stability and our security."

Al-Bid continued to add, saying: "All the troubles I have listened to seem legitimate and normal. However, we presently know about people who speak about the (commercial residence). Some have become (millionaires), others are poor, not lacking in wealth, but poor in character. There is poverty in the Nation, and poverty in laws. We should therefore look back, be careful and not do anything in haste. People should contemplate having different jobs in order to improve their incomes by lawful means. Let us first put the corruption under siege and then annul them. I met with the new government before my departure. I suggested reforming the financial apparatus with all its mechanisms as well as the security sector. This is the path that will depict to us where both corruption is found and where the corrupt roam."

Al-Bid added: "We should highlight good values and good role modeling as well as let good people and those having good character stand out. We speak about these matters daily, yet, unfortunately, how can we put them into practice?"

Speaking about workers, Al-Bid said: "Workers could submit proposals. Work could be performed. A dialogue could be carried on about these proposals and be published. I am saying these words in this good city, the beloved Aden. How can we solve its problems? Before unity, we mentioned that Aden would become an economic-commercial port. However, nothing has happened. Some time ago, here in Aden, I had met with the owners of the Free Zone and the Chamber of Commerce and discussed this issue with them. I will ask to meet with them again here and discuss once more what we have previously discussed."

Al-Bid went on to say: "Even with regards to managing the Port, there is bureaucracy. Things were established. A small number of personnel was managing the Port. We must both use and benefit from this experiment. It is possible to turn the Port of Aden into a free port. If this does not mature, this matter should be either made public, or a seminar should be arranged. We would then seek the help of experts and have an open meeting on the air so that the people would learn the reason that Aden was not turned into a free zone! I would like you to ask the personnel who were previously managing the Port about the way they were doing it!"

What would be the benefit if economic, agricultural, and other issues are not attended to?!. We should speak frankly. We want everything in the open. We want the investment plan to be made public. We want to talk about it. We want to know the reason why some projects are executed while others are not! There should be monitoring. There should be reform with regard to the issues that have been discussed."

Al-Bid went on to say: "I am a contributor to the economic sector. All around the world there is contribution. Both cooperative and mixed work should be supported. There should be new thinking. Workers are good and peasants present; so are merchants. We should deal with all of these according to the law, so that everyone will get his rights."

Al-Bid added: "I fear that something was behind the haphazard dealing in land and housing. Would you please carry out some search in courts and in the civil and housing registration records; you will find out that some possessions have been registered in different names."

Al-Bid said: "We should encourage cooperative housing. People care about justice and the prevalence of law and order."

Al-Bid added: "We do not want epidemics and diseases in Yemen. Taking revenge for killings has become widespread. We should contain these matters so that we will not be blinded by them."

Al-Bid went on to say: "We should not cause people to be under stress. Since the House of Representatives elections, nobody can do anything. The one who goes off this path would face trouble."

Al-Bid further added: "We should deal quietly with people. We should do that through seminars and direct dialogue—on the air, not recorded. We should do that because there is an attempt at tarnishing and at frightening people. Everything should take the right path. We should look into the files of the past, safeguard the experiment that we have carried out, reinforce democracy, depend on the people, and be the first ones to practice self-criticism."

Al-Bid continued to say: "We will follow up and speak with the prime minister about the Unions Draft Law and the Pensions and Social Security Law. We will discuss these laws. We will also discuss the public sector. I believe there should be cooperation between the different sectors, namely, the public, private, mixed, and cooperative sectors. We want those who take responsibility for all the economic changes to be good role models."

"We would like a broader presentation for our cultural heritage."

Al-Bid ended his speech by saying: "Let Yemen move forward. I hope that we can preserve our spirit of optimism. I wish you success and for the struggling people to move towards the development stages with regard to the proposals about which we speak in Yemen—all of Yemen, the revolutionary Arab, Islamic—the Yemen we cling to."

### **Basindwah on Peace, Gulf, Arab Relations**

93AE0619A *al-Shariqah AL-KHALIJ in Arabic*  
12 Sep 93 pp 1, 16

["Text" of interview with Muhammad Salim Basindwah, Yemeni foreign minister in Amman; date not given: "Yemeni Foreign Minister: We Have Disagreed as Arabs and Harmed Ourselves; Our Gulf Relations Have Developed and Will Regain Their Past Condition"]

[Text] Amman—Yemen's foreign minister has expressed his belief that it is necessary to develop inter-Arab agreement before Arab-Israeli peace accords are concluded. On the peripheries of his visit to Jordan, Muhammad Salim Basindwah has told AL-KHALIJ that Yemen views the Palestinian-Israeli accord as a Palestinian affair. He also expressed the opinion that the departure of Yemeni Jews to the outside world is a Yemeni affair. However, he has pointed out that Jews travel from Yemen to the outside world with the same travel rights that Yemeni Muslims enjoy and that the Yemeni Government is not informed of their plans to head from other countries to Israel.

The Yemeni minister has also said that his country does not think of recognizing Israel and establishing relations with it at present, considering that Yemen is a supporting country and not a frontline country.

Basindwah has also noted the great development in his country's relations with the Gulf states and he expects these relations to regain their past condition. He has left it up to Kuwait to respond to the Yemeni initiative in its own good time. Using indirect language, Basindwah has also held Iraq responsible for what currently goes on in the Arab homeland. He has also said that he would have preferred to see the Arab-Israeli negotiations started with Iraq in its full strength.

Regarding the attack on the Yemen offices of Total, a French oil company, and the exploded bomb which targeted the home of Prime Minister Haydar Abu-Bakr al-'Attas, Basindwah said that they could be connected. But he declined to reveal any information on the party that could be behind the two incidents before investigations are completed. Following is the text of the interview:

[AL-KHALIJ] Why are you in Jordan?

[Basindwah] I am visiting Amman on a kind invitation from the Jordanian minister of state for foreign affairs. I believe that Amman has to be visited under these particular circumstances in which developments are occurring in such rapid succession that one has to observe them and follow up on them regularly and closely.

As you know, cooperation between Jordan and Yemen is escalating. For years, many Yemenis have been coming to Amman for hospitalization and medical care or for tourism. Yemen and Jordan were tied by similar positions during the Gulf crisis.

I have also come here to discuss the resumption of meetings of the Higher Jordanian-Yemeni Committee under the chairmanship of the two countries' prime ministers, considering that the committee has not met in Sanaa as scheduled since it convened in Amman more than two years ago. We have discussed this issue with the brother officials here and it has been agreed that we and the brothers in Jordan will make the necessary preparations for this committee to meet in Sanaa as early as possible.

Moreover, I have come to Amman to familiarize myself with the details of the current developments concerning the occupied territories, especially since Jordan is the Arab country most closely connected with this issue and since it has the definite news about it.

I can say that through our discussion of this issue, we have found that our viewpoints are almost similar, if not identical.

We in Yemen exert efforts so that an Arab-Israeli accord, and I am not saying a Palestinian-Israeli accord, will be preceded [sentence incomplete] This is because we hope that if there has to be an accord, it will be an Arab-Israeli accord so that agreement concerning the Arab-Israeli conflict will not be confined to the Palestinian people but will include the other tracks. We hope that this accord will be preceded by inter-Arab agreement. If this is impossible, then we hope that the Arab-Israeli and inter-Arab accords will come simultaneously because it is unreasonable for us to agree with our historical adversary and not agree with each other.

If we are required, under pressure, to reach agreement with our enemy and to surmount a hostility that has lasted decades and generations, then it certainly behooves us to agree among ourselves as Arabs first.

There is great hope that the climate of Arab-Israeli accords will extend to encompass inter-Arab disputes. This, plus the restoration of past Arab solidarity, is what we hope soon to witness.

I do not believe that these accords will get the consensus required from their international sponsors unless there is a total, comprehensive Arab agreement. This is because it is feared that some parties will find an opportunity to engage in oneupmanship under the umbrella of inter-Arab disputes.

#### **Internecine Fighting Is a Crime**

[AL-KAHLIJ] What is your position vis-a-vis the Palestinian-Israeli accord and mutual recognition?

[Basindwah] Mutual recognition and the accord are a Palestinian affair. We have said repeatedly that we support what the Palestinian brothers decide because they are the people concerned with the issue. We support them in whatever they believe serves their interest.

Of course, the PLO continues to be the Palestinian people's legitimate representative in accordance with the

1974 Rabat Summit resolution. As Yemenis, all we hope for is that regardless of how great the disagreement in opinion and how different the positions taken by our Palestinian brothers, matters will not reach the point where these brothers confront each other with weapons. Such a development would be a crime against the Palestinian people who, along with the Arab nation, will not forgive the Palestinian leadership if one part of this leadership turns its weapons against the other.

I do not believe that the Gaza-Jericho accord has solved all the problems and that all that is left for the Palestinians to do is settle their internal disputes.

[AL-KHALIJ] Now that the Palestinian-Israeli accord has been concluded, will Yemen recognize Israel and exchange diplomatic representation with it?

[Basindwah] This is out of the question for Yemen because it is a supporting country, not a frontline country adjacent to Israel. This issue has not been presented to the Arab countries yet and it continues to be confined to Israel and the frontline Arab countries. When the issue is presented to the supporting Arab countries, then we will cross that bridge when we get to it.

[AL-KHALIJ] Are you currently training Palestinian forces who are stationed in Yemen on police work in preparation for their transfer to the occupied Palestinian territories?

[Basindwah] There is nothing of the sort. But if the PLO asks, we will not hesitate to offer any aid to the Palestinians. By the way, there is a large number of Palestinians in Yemen, which is one of the few Arab countries that opened their doors to its Palestinian brothers. This is an honor, and not a favor, of which we are proud.

[AL-KHALIJ] Upon your appointment as foreign minister, you offered an initiative to improve relations with Kuwait. But soon thereafter, you suspended your efforts in this regard. What happened?

[Basindwah] We launched an initiative in the direction of Kuwait, and it was received positively. But the response was not so much toward Yemen as a country as it was toward my appointment as foreign minister. We have not committed any errors in our relations with Kuwait and we are eager for relations with the Kuwaitis. But we must appreciate their circumstances and must leave it up to them to respond to this initiative in their own good time.

[AL-KHALIJ] What about the development of relations with the other Gulf states?

[Basindwah] I believe that we have made progress. We have made great progress in our relations with the GCC states. But in these few months, relations have not been restored to their past condition. The process must take its time. I am confident that everything will be soon restored to the way it was. We will continue to make



efforts. The more our brothers respond to us, the more tempted we will be to rush toward them.

[AL-KHALIJ] How does Yemen view the continued blockade of Iraq and Libya and the tendency to impose a blockade on Sudan also?

[Basindwah] Yemen regrets what is happening to the Arab countries. But at the same time, if you want the truth, we as Arabs have victimized ourselves because we have disagreed among ourselves and we have engaged in oneupmanship against each other. This blockade is the natural outcome.

What is happening now to this or that Arab country could happen tomorrow to any other Arab country. If you want me to be honest, what is happening is the natural outcome of the preludes that we ourselves created.

We did not take adequate advantage of the bipolar international system and we cannot take advantage of the unipolar international system. Unless we realize that if we do not try to take advantage of the so-called new world order—which, in fact, is not new, but the old system that has undergone a fundamental change with the disappearance of one of the two parties to the game, thus leaving the field open for the other party—and unless we, as Arabs, realize that we must deal with this order collectively, then it will be easy for this order to swallow us, contain us, or subjugate us to its will because it will deal with each of our countries separately.

As an Arab, I grieve for the hardship of Iraq's women and children. But regrettably, we are the ones who had provided the justifications for what has happened on a golden platter. What has happened should have never happened.

In fact, I wish we had embarked on the peace negotiations while Iraq was still in its full strength because our position would have been much stronger. Iraq's power was not for Iraq alone. It was for all Arabs. Now, we enter into negotiations while we are in our weakest condition as Arabs, and we emerge from negotiations with the minimum results which we would have never accepted in the past.

The territories occupied in 1967 were under our control and we were demanding other territories. When these territories were occupied, we started demanding restoration of the territories occupied in 1967. Now, we have accepted just a part of those territories. Thanks to what has happened in the Arab region, we have now accepted an accord that is not as good as the one which al-Sadat concluded, keeping in mind that we fought, attacked, and condemned al-Sadat.

We are paying for what has happened throughout the Arab nation. We are all responsible, and I am not going to say that this party is responsible and that one is not.

[AL-KHALIJ] At the beginning of this month, an armed group of 50 attacked the premises of Total, a French oil company, killing one person and wounding two others.

Ten individuals have been arrested. What are the circumstances surrounding this incident and who is the party that has perpetrated it?

[Basindwah] I have no accurate details on this incident. But it is very normal for such an incident to occur in any part of the world. This incident occurred in a tribal rural area that is remote from the capital. Such incidents occur in the center of New York. So why do we find it too much when they happen in Yemen, but not in New York or Washington?

When such incidents occur, it does not mean that there is no security or stability in Yemen. This is a very normal incident, and we will hear from time to time that such incidents have happened.

The information media, especially the fraternal media, are not lax in exaggerating what happens in Yemen, which is normal. The new democracy in Yemen encourages some parties to exert pressure in order to make bigger gains. This is very normal and very legitimate. There is nothing in Yemen to cause apprehension.

[AL-KHALIJ] Who attacked the Total company premises?

[Basindwah] The outcome of the investigation will determine the answer.

[AL-KHALIJ] I am asking about the party which carried out the act, not the party that stands behind it.

[Basindwah] I cannot accuse anybody in particular. We have to wait until we see the results of the investigation, which will determine the party responsible for the act.

[AL-KHALIJ] Do you think that there is a connection between this act and the explosion that targeted the home of Prime Minister Engineer Haydar Abu-Bakr al-'Attas?

[Basindwah] There could be, but I cannot ascertain anything. The matter is under investigation. Let us not anticipate and let us wait until the developments evolve. It will then be possible to determine matters.

[AL-KHALIJ] Acts of sabotage and violence in Yemen had stopped just prior to the parliamentary elections which were held last May. Can the two latest incidents be considered an indication of the resumption of such acts?

[Basindwah] We have to wait before we pass judgment, and our judgment must be based on firm evidence and proofs. When the results of the investigation appear, we will be able to confirm whatever may be confirmed. Before then, it is difficult to determine what party stands behind the incidents or what this party's objectives are.

**Al-Qirshi on Armed Forces, Mosques, Sudan Visit**

94AE0004C Sanaa AL-SAHWAH in Arabic  
26 Aug 93 p 3

[Interview with Dr. Ghalib 'Abd-al-Kafi al-Qirshi, Yemeni minister of awqaf and guidance by Salih al-Shurayfi; date and place not given]

[Text] The Ministry of Awqaf and Guidance is one of the ministries that the people hope will play its part in sharpening awareness and interest in Muslim awqaf property, directing them into the right channels, and reviving the role of mosques.

AL-SAHWAH has interviewed brother Dr. Ghalib 'Abd-al-Kafi al-Qirshi, minister of awqaf and guidance, and discussed with him a number of important issues and concerns relating to the ministry's work.

[Al-Shurayfi] What are the ministry's priorities in the fields of awqaf and guidance at present and what are the obstacles the ministry is facing in this regard?

[Al-Qirshi] It is known that every ministry has its own priorities. For us in the awqaf ministry the most important thing for is to reorganize the ministry and to seek to create a spirit of trust, first among the employees themselves and, second, between the employees and the minister. I believe that we have made good progress in this regard.

Encroaching on awqaf lands is one of the most serious problems facing the ministry; it restricts many of its activities and projects, and poses a major challenge. We have included in our priorities the need to find solutions that would preserve for the awqaf ministry its lands, and create a kind of cooperation between the ministry and the quarters and ministries concerned, such as the Ministry of Interior. Sometimes we resort to courts in order to stop the violators, despite the fact that litigation takes a long time.

One of our priorities is also to develop the ministry's offices in the provinces and provide them with as much resources as possible. We have other priorities and a large-scale plan, which is now being drawn up.

[Al-Shurayfi] Some people accuse your ministry of being inactive. What is the reason for this accusation?

[Al-Qirshi] This accusation is due to two reasons:

First: Some people hold great expectations for the ministry and hope that it will do everything. They are uninformed about the ministry's capability.

Second: Many people are uninformed about the ministry's activities because of the lack of media publicity for its work. The ministry is daily involved in field activities and works. These include activities in mosques and in Islamic preaching and guidance. This is in addition to various projects. These activities are somewhat limited and so they are not obvious to the Yemeni public. Nobody has heard of them. For this reason people accuse

it of being inactive. Of course, the country needs to have these activities doubled, and we are seeking to realize this.

But it is necessary to provide resources for these activities to be carried out.

The ministry is not inactive, but its involvement in field work is not complete; it is restricted by its resources.

[Al-Shurayfi] The press accuses the ministry of demolishing mosques in old Sanaa. What is the truth in this regard?

[Al-Qirshi] We pay no attention to such things. If this were true the complainant should come to the ministry in order to discuss the matter, or he should sue the ministry and submit his evidence.

The ministry did not, and will not, demolish a small mosque. In some cases residents of a certain neighborhood would ask for the demolition of a small mosque in order to build a bigger one in its place. They ask the ministry for help, which it provides within the limits of its resources and on the condition that this will not change the historical characteristic of some mosques.

[Al-Shurayfi] What have you done at the ministry to help the Yemeni countryside to fight illiteracy and ignorance, especially in religious and shari'ah matters? It is noted that the ministry's role was nonexistent in this field.

[Al-Qirshi] Teaching people and instructing them about their religious duties, advocating Islam, and guiding them in the countryside are the task of the ministry's offices in the provinces. For this reason we are seeking to develop these offices and activate their role. We will provide these offices with available human and material resources that would enable them to carry out their tasks.

I think that the Academy of Instruction and Guidance, to which we are putting the last touches, will play a major role in expanding the ministry's activities in the provinces and the countryside, God willing.

[Al-Shurayfi] It is known that there is a great need for qualifying and training many speakers, preachers, and guides in many parts of the republic. What is the ministry's plan to elevate instruction and training levels?

[Al-Qirshi] The Instruction and Guidance Office, (established by 'Abd al-Latif al-Zindani in 1974) had a great impact on the process of training and qualifying mosque preachers. Courses on teaching and training on religious duties were held in most provinces of the republic. This tradition continued after that, but it started weakening because of lack of resources. We shall try to revive this tradition within the constraints of our means. As I have already told you, we are going to establish the Academy of Instruction and Guidance. Its task will be to graduate mosque preachers and guides. Study in the academy will be at various stages.

We will try as much as we can to benefit from muhtasab preachers [ones who expect a reward in the hereafter] who do not cost the ministry a lot. They undertake instructing and teaching the people about their religion.

[Al-Shurayfi] The media adopts a negative influence toward the ministry's role, which very often is a destructive influence. Does the coalition government have a plan to create a kind of integration between the ministries concerned in order to avoid double talk in the government's pronouncements?

[Al-Qirshi] Some kind of coordination between the Awqaf Ministry and the Ministry of Information was initiated under the former minister Muhsin al-'Ulufi. As a result, committees were set up by the two ministries in order to coordinate information programs and guidance activities. One of the things about which our ministry complained and is still complaining about is the poor quality of the religious programs and their obvious scantiness in television and radio broadcasts. The ministry of information admitted this deficiency. The ministry used to blame the Ministry of Awqaf and Guidance. Now some agreements have been concluded between both the two ministries.

I have agreed with the brother information minister on reviving these committees and on working out a plan for further coordination and integration. We hope to do our duty in this regard and to provide the ministry of information with the programs it is in need of.

[Al-Shurayfi] The media plays a significant role in publicizing the ministry's activities and the magazine AL-IRSHAD is one of the media's most important channels for your ministry. How is the situation in the magazine and what are your plans to develop it in the future?

[Al-Qirshi] As is known, AL-IRSHAD magazine was published by the Office of Instruction and Guidance. The ministry then took over control of it after annexing it to the ministry. It is the first religious magazine in Yemen, and it has gained a good reputation among the local and Islamic circles. The magazine still exists, but the shortage of resources has forced it to switch from publishing monthly to quarterly instead, and sometimes irregularly. We are interested in reviving it and in resuming its mission, God willing.

[Al-Shurayfi] Members of the armed forces, like the rest of the people, are in great need of enlightenment about their religion and boosting the spirit of sacrifice in them. What are the ministry's plans in this field?

[Al-Qirshi] The ministry has already exerted undeniable efforts in this field. Through the guidance and instruction division it supplies the military camps with their share of Koran books. It will, God willing, develop this mission. The camps' cooperation and interaction with us has a great effect on developing this activity.

We are greatly interested in this facility and in our brothers in the armed forces.

[Al-Shurayfi] How can the ministry develop the mosque's role and revive the principle of social solidarity in the various areas?

[Al-Qirshi] The mosque undeniably plays an important role. I have already said that the ministry's role in mosque activities is still deficient. We are anxious to revive the role of the mosque, to establish schools for learning the holy Koran by heart, to hold mosque teaching groups, and to enable preachers in all mosques to become qualified. We are thinking of building model mosques, which will be staffed by a qualified imam and preacher.

It will also have a library and a health clinic to serve inhabitants of the neighborhood. This probably will take time and effort.

[Al-Shurayfi] The citizens have been increasingly complaining about the work of the ministry and the awqaf workers in the provinces and districts. Does the ministry have a plan to put an end to this, and does it have committees that supervise those workers?

[Al-Qirshi] Like in any institution, there are the good and the bad workers. Some of the awqaf workers are not up to the desired level. Concerning some others, we don't even see their names mentioned in connection with development of awqaf lands and protecting them, while concerning others, their work is regarded as honoring Yemen.

Although the large number of employees and workers does not allow us to follow up the performance of all the workers, we keep records of them and we know the ability of almost every one of them. Recently we had a meeting of office directors in all the republic provinces. The meeting lasted two days and we came out with resolutions and recommendations which I'll follow up to ensure their implementation, God willing.

[Al-Shurayfi] Recently you visited Sudan in order to attend a seminar there. What are your impressions and views on this visit?

[Al-Qirshi] My visit was in response to an invitation from the Center of Studies of Islamic Future and AL-MUSTAQILLAH newspaper. We represented our country at this seminar and met with many officials, including 'Umar al-Bashir. We also met with delegates of Islamic countries and exchanged views on questions of thought, Islamic call, guidance, awqaf and the extent of their influence on the society. One of the most important benefits we gained from the visit was signing an agreement between our ministry and the ministry of social planning headed by brother minister 'Ali Tahir, of which we expect many benefits and gains.



### Departing Jews Explain Reasons for Emigration

94AE0004B Aden AL-THAWRI in Arabic  
19 Aug 93 p 5

[Article by Muhammad Hasan Sha'b]

[Text] Recently there has been much talk about the increasing number of departures by Yemeni citizens who are adherents of the Jewish faith. They go to Arab or foreign capitals en route to Israel. Official sources stressed—and they were right in doing so—that the authorities cannot stop any citizen from exercising his constitutional and legal rights, including travel, because all citizens are equal regardless of their religion, race, creed, or nationality.

Last month AL-THAWRI published a historical and political overview of Jewish emigration from Yemen to Israel and to various Western countries. The conclusion the paper came to in its article was that Jews in Yemen, like any Yemeni citizen, are free to stay in the country or to settle abroad. Their emigration in itself is not a crime. What is a crime, if proved by evidence, is contact with the Zionist entity or entering it. The state has the right to punish anyone against whom this crime is proved if he returns to the country, either by banning him from travel protection, or as a "precaution." Legally it is impossible, even if the state has evidence proving that these people had "intended" to go to Israel via a third country.

In this article the AL-THAWRI met with a number of Jewish Yemeni families that wish to emigrate for good and talked to them about the reasons for their emigration in order to find out the reasons for their emigration and which are the powers and the people that help them make their travel arrangements.

As we know, the governorate of Sa'dah is one of the locations of Jewish communities and probably the most important among them. It was the field of our investigation, particularly in the areas of Haydan and Saqayn, which are inhabited by Sa'dah Jews. Most of the emigrants last month came from those two areas in particular.

The AL-THAWRI's guide in its tour of the Jewish-inhabited areas was brother Major Hatim 'Abdallah al-Jund, director general of the Saqayn district, 40 km to the west of the center of Sa'dah province. We reached it through a very rough road after a four-hour journey.

There we met with a number of Jewish families. We have learned from them that the principal instigator urging them to leave is Musa Benjamin al-Khabbani. He enjoys great religious and social influence among Yemeni Jews and comes from a large Jewish family in Saqayn. He is in his thirties, educated, knowledgeable, and speaks Hebrew and English fluently.

Musa Benjamin is married to two wives with three children. He often moves between Sa'dah and Raydah, located outside Sanaa, where there is another Jewish community. Some Jews told us that Benjamin is the only person who receives foreign visitors who come to visit

them and talk to them. He accompanies the visitors, explains to them the situation and demands. When Americans come they ask only about him.

Jews in the area last year launched a large-scale campaign of protest against Rabbi Musa Benjamin al-Khabbani.

They have found out that he has laid his hands on \$4 million that was sent to them by Jewish communities in the United States and various European countries as part of a donations campaign that was launched by Jewish circles under the leadership of the Jewish Agency in various world Jewish communities.

But Benjamin is noted for his shrewdness and ability to maneuver and overcome crises. "Isn't he a Jew and a rabbi?" Being so, he has been able to suppress the angry protests and even shift from defensive to offensive. He hinted to some of his Jewish brothers that he can remove anyone of them who might try to stand in his way. Indeed, one time he made a very clear threat. The story of this threat was told to us by some of the Jews.

Some of them said that the emigration of Jews from Haydan began last year with 250 persons leaving the country. Some of them tried to rebel against the emigration, wanting to stay in Yemen. At this juncture his anger exploded, telling them to their faces that Israel is a powerful state and capable of "punishing" whoever tries to play tricks, even if he may be residing in Yemen.

The Jews we met told us that Benjamin was successful in his threats and was able to evacuate the last Jew from al-Hajar village in Haydan district three months ago. They said that 30 Jewish families have emigrated from that village at various times under Benjamin's supervision, after having sold their property.

In Saqayn we learned that three Jewish families are still there, yet they are preparing to leave. Most significant among these are the families of Sa'id Benjamin, a brother of the rabbi. Accompanied by the director general of Saqayn district, I went to Sa'id's house but did not find him there. We found Yahya, his 13-year-old eldest son who spoke to us. I found him intelligent and articulate.

I asked him about the reason for their emigration. He said: If we stay we will be facing major problems.

Like what, I asked.

All the Jews have emigrated, he said, with each one having his own reasons for doing so. If any of us remain we will not be able to pray, to get married, or to perform other religious rites and celebrations.

What is the objection, I asked.

He said: There must remain 10 Jews at least in order to pray in a community on Saturdays. The holy scriptures should be present, although there is no rabbi except in Sa'dah. Rabbi al-Muri is the only one who can slaughter livestock.

I asked Yahya: Do any of your cousins harass you?

After a moment's silence he said: Few do. Only one percent.

Do you study, I asked?

I have studied Hebrew only and I also study the scriptures. I will continue my studies after emigrating.

When Sa'id Benjamin arrived he welcomed us. I had with me the director general of the district who has a good relationship with Sa'id and other Jews in the area.

I asked Sa'id about the date of his departure. "Shortly, God willing," he replied. He added: We have completed all the travel documents, but we are waiting to sell the houses, which are worth two million rials. They are five mud brick houses that are owned by me, my brother Musa, the rabbi, and my deceased father.

Speaking with a sad voice, he said: I really don't wish to leave, but it is difficult for one to live in a place without kinsfolk and brothers. I am the husband of two wives and the father of 15 children.

Salim Yusuf al-Khalidi is Sa'id's friend and one of the Jews residing there who is also preparing to leave. He said: I have sold my house for 200,000 rials. I have also sold the house's furniture. There is only this makhmada left, which I will sell. (Makhmada is a ceramic bread container)

I asked Salim al-Khalidi: Who is urging you to leave and preparing the travel documents for you?

Samu'il al-Jarafi, he said without hesitation. He is a Yemeni Jew but has been living in the United States for a long time.

Did he pay you any money? I asked.

Yes, he gave me a thousand dollars, that is both he and judge Samih.

Where are they now? I asked.

They are in Sanaa now, he said. They have reserved accommodations for us to stay in Baghdad Hotel before our departure. We will be staying for a month at their expense.

Where will you go after you leave Sanaa? I asked.

To Cairo, he said.

And after Cairo? I asked.

To Israel, he said, without hesitation.

Who will travel with you? I asked?

My father and brother, he said. We are 11 persons and they will pay all the travel expenses.

Do you know a person called Douglas Clicker? I asked.

The British man? he asked.

Yes, I said.

I met him in Raydah and he paid me \$1,000.

During my frank talk with Salim Yusuf al-Khalidi I asked him: Don't you think that you are going to miss Yemen one day?

Definitely, he said. Naturally we are going to miss the country very much. But we have no other choice. Everybody has gone and tomorrow there will be nobody. My sister got married to Raydah. It was a simple wedding, held in a hurry. The marriage contract should be witnessed by 10 Jews, otherwise it will not be valid. The same number of people should be present in the case of divorce. The same thing goes for funerals. All this can be done only with 10 people present. There will be no 10 people tomorrow.

After a brief silence Salim suddenly said: Imagine, I have visited all the areas in Yemen which I haven't seen before. I have visited Shabum, Hadramawt, al-Maharah, Ibb, Wassab, and others. I felt that I can never come back to Yemen.

The third family we visited was that of Yahya Dawud Qarhash and his children. He runs a small store. Yahya Qarhash is very well known among the Jews in Sa'dah to be a non-observing Jew. He does not practice the Jewish rites and traditions. Unlike the rest of the Yemeni Jews, he does not wear a "belt."

When I made these observations to Yahya Qarhash, he laughed and said: Jewishness is something in the heart; a Jew remains a Jew even if he converts to Islam.

Regarding travel, he said: I absolutely do not want to go. But I have five daughters. Who will they marry tomorrow, where will I marry them off, and at whose place?

Do you have property? I asked.

I have a house and a car, he replied. I have a business. I am contented, thank God. But emigration has become inevitable. You can say it has become a religious necessity for the reasons I have just mentioned to you.

I returned to my base accompanied by the district's director general, to whom I am thankful. During the trip I asked him about the problems the Jews face in their daily life with their cousins [the Yemenis]. He said since he came to the district two years ago no Jew has submitted any complaint of any kind.

He added: They only pay the Jizyah [head tax on non-Muslims] which ranges between 50 rials and 200 rials a year.

Does everybody pay it? I asked.

Yes, they all are capable of paying, he said.

Where does this Jizyah go?

To the obligations fund. It is collected at the same time the zakat [Islamic tithe] is collected from Muslims.

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